

103
INDIAN ECONOMIC DEVELOPMENT—PART II

Y 4. R 31/3: 103-18/PT. 2

Indian Economic Development-Part 2, ... **HEARING**

BEFORE THE
SUBCOMMITTEE ON
NATIVE AMERICAN AFFAIRS
OF THE
COMMITTEE ON
NATURAL RESOURCES
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

INDIAN ECONOMIC DEVELOPMENT

HEARING HELD IN SCOTTSDALE, AZ
APRIL 8, 1993

Serial No. 103-18 Part II

Printed for the use of the Committee on Natural Resources



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INDIAN ECONOMIC DEVELOPMENT

THURSDAY, APRIL 8, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NATIVE AMERICAN AFFAIRS,
COMMITTEE ON NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 9 a.m., at the Scottsdale Community College, 9000 E. Chaparral Road, Room MB115, Scottsdale, Arizona, the Hon. Bill Richardson (Chairman) presiding.

Present: Representatives Richardson and English.

OPENING STATEMENT OF HON. BILL RICHARDSON

Mr. RICHARDSON. The Subcommittee on Native American Affairs will come to order. I am Representative Bill Richardson, Chairman of the Subcommittee, from Santa Fe, New Mexico. We are pleased to convene this field hearing in the State of Arizona. We are honored to be on the Salt River Pima Reservation at the Scottsdale Community College.

I would like to thank my good friend and colleague Congresswoman Karan English for her kind invitation to Arizona to conduct this hearing on rural development initiatives in Indian country. She is a valued member of the Natural Resources Subcommittee on Native American Affairs.

This morning we are going to hear from several Tribes as to how they feel the Government can best assist them in their efforts to raise the standard of living for their tribal members. I look forward to hearing from each of them.

Let me say that this Subcommittee has been proceeding with a series of field hearings around the country in Indian country. We have been in Montana. We have been in Wyoming. We have been in Connecticut over the weekend, and we are now in your state. Our objective is to find out how we can include some positive economic development initiatives in the stimulus package. This has been one of the initiatives of your representative. Your representative is characterized by not waiting—by moving, by being aggressive. She is targeting immediate action that could be part of our economic stimulus package to support Indian economic development. Now, she has some ideas on rural economic development in Indian country which we will be discussing today.

Let me just say that it is no secret that you have an outstanding member of Congress. I was in Salt Lake yesterday and about to catch a plane for Arizona, and I was reading about two of my great heroes, Robert Kennedy and Martin Luther King. They were both

on the cover of *Life* magazine. So, after reading the very fine articles on both Martin Luther King and Robert Kennedy, I turned to the back of *Life* magazine, and I see Karan English's picture. I turn to the next page, and I see Karan English's pictures, five or six pictures of her. I think this is a tribute to the fact that already, in the 60 days we have been in Congress, she has made a difference.

She serves on the Education and Labor Committee. She has made a mark in that Committee and now in the Native American Affairs Subcommittee. She has attended all of our hearings on Native American issues. She has looked very carefully at the Navajo/Hopi issue. She has been very active in Indian gaming. Economic development, nonetheless, is her main initiative. So, I am just very proud to be here with your Congresswoman. She insisted we hold this hearing as part of our tour.

With that, I would like to recognize your very able Congresswoman, Karan English.

[Prepared statement of Mr. Richardson follows:]

OPENING STATEMENT OF CHAIRMAN BILL RICHARDSON

The subcommittee on Native American affairs will come to order.

We are pleased to convene this field hearing in the state of Arizona and are honored to be on the Salt River Pima Reservation at the Scottsdale Community College. I would like to thank my colleague and good friend Congressman KARAN ENGLISH for her kind invitation to Arizona to conduct this hearing on rural development initiatives in Indian country. She is a valued member of the Natural Resources Subcommittee on Native American affairs.

Arizona's sixth district has much to be proud of in their freshman Congresswoman. In the short time she has been in Washington, KARAN ENGLISH has made it clear to me that she is willing to work as hard as it takes to improve the quality of life for American Indians. While she served in the Arizona House of Representatives she was instrumental in getting legislation passed which gave six million dollars to small businesses for rural economic development in Arizona. She now wants to put the knowledge she gained from that experience towards promoting similar gains for Indians.

This morning we will hear from several tribes as to how they feel the Federal Government can best assist them in their efforts to raise the standard of living for their tribal members. I look forward to hearing from each of them.

At this time, I will remind the witnesses that their full written statements will be made part of the official hearing record and ask that you please summarize your statements to us this morning. I will leave the record open for two weeks in case anyone has any further information they would like to submit.

OPENING STATEMENT OF HON. KARAN ENGLISH

Ms. ENGLISH. Thank you. Thank you, Mr. Chairman. I want to thank you for scheduling this hearing in Arizona today. I think it is very important that we get tribal input as we work to develop legislation to encourage rural development on Indian Reservations. Field hearings allow greater participation by Tribes, and so I am grateful that the Chairman was able to schedule this hearing in very short order.

I want to thank the President of the Scottsdale Community College for the use of these facilities, and those people who assisted in putting this hearing together. It was a lot of work, and I very much appreciate that.

Mr. Chairman, I am looking forward to hearing the ideas that the witnesses have for rural development on their reservations. I have spent the last 12 years in local and state government. I saw firsthand some of the development needs on Reservations; but I

cannot begin to know all of the needs, and I cannot even pretend that I know all of the answers. I do have some ideas which the testimony today may either confirm or dispel.

For too long Tribes have struggled to develop their economies and to overcome the abject poverty which is found in nearly every Indian community. The ultimate goal of the legislation should be to create an environment on Reservations which is conducive to economic development. I think that, by working together, we can develop legislation which can serve to implement some of the development proposals that we hear today.

Ms. ENGLISH. Thank you.

Mr. RICHARDSON. I would like to, before recognizing our witnesses, mention briefly the participants of our staff that are with us. It seems that Arizona and the Pimas and Gila River have a monopoly on the staff of the Subcommittee of Native American Affairs with Barbara Robles, who is a Pima from Gila River and one of our staff members, and Steve Heeley, who is a former tribal attorney for Gila River. In the interest of bipartisanship, Rich Houghton, a very able Minority Staff Member is here representing Congressman Craig Thomas from Wyoming and several members of our Minority.

I would like now to mention to the witnesses that what we do in these hearings—I think in the spirit of what Karan English has said—is to establish a dialogue and reach out to the Indian community. I ask that you summarize your statements within five minutes. If you see the little light turn red and you feel you must go on, please proceed, but try to stay within that range of five minutes.

What we will do in the questions is try to draw out some of the ideas that you have raised in your testimony.

I am very pleased that the Hon. Nora Garcia, Chairperson, Fort Mojave Tribe, from Needles, California; the Hon. Mary Thomas, the Lieutenant Governor from the Gila River Indian Community, in Sacaton, Arizona; and the Hon. Ronnie Lupe, Chairman, White Mountain Apache Tribe, Whiteriver, Arizona are here today. We will start with Lieutenant Governor Mary Thomas. Governor, please proceed. Welcome to the Subcommittee, and we look forward to your testimony.

PANEL CONSISTING OF HON. MARY V. THOMAS, LIEUTENANT GOVERNOR, GILA RIVER INDIAN COMMUNITY, PHOENIX, AZ; HON. NORA GARCIA, CHAIRPERSON, FORT MOJAVE TRIBE, NEEDLES, CA; AND HON. RONNIE LUPE, CHAIRMAN, WHITE MOUNTAIN APACHE TRIBE, WHITERIVER, AZ

STATEMENT OF MARY V. THOMAS

Ms. THOMAS. Thank you, Mr. Chairman. I welcome you to Arizona. We have not seen the sun a lot out here lately, but today is one of the most beautiful days I have seen, and maybe it is because of your presence here today, both of you and Karan English. I bid you welcome.

As you have stated, my name is Mary Thomas. I am the Lieutenant Governor from the Gila River Indian Community. The Gila River, as you know, is located just south and east of the metropoli-

tan area here in Phoenix. I am very excited to be a part of this Administration for our Tribe in these dynamic and challenging times.

Because of the economic decline and market instability, the community has responded on the need to diversify into non-agricultural development. We are strategically located between Phoenix and Tucson, and Interstate 10 divides the Reservation. Our development potential remains rural in character, I might add. Our proximity to Phoenix provides an excellent opportunity for economic growth.

Rural development in our area of the state is supported by Indian and off-Reservation communities alike, those to the south and to the north of the Reservation. Advantages sought for the benefit of the community include: the reduction of the unemployment rate which is still very high compared to national norms; opportunities for children and adults to complete optimal educational levels; development of training programs that allow individuals to learn usable vocational skills; and most important the accommodation of an individual's need to secure himself or herself a place in the workforce.

There is a need for management and technical people in our work environment. We need skilled laborers in various fields in order for them to sustain a viable economic level of lifestyle.

Greater support for educational opportunities is needed. There has been a terrific reduction in funds during the Reagan and Bush era in educational support for our Indian Tribes. We recognize that the cost of a good education is often prohibitively high, and that such costs continue to rise. In the area of infrastructure, public utility infrastructure must be properly funded if development potential is to be realized.

At Gila River we have realized that we could have benefitted from some of the infrastructure that was going on to the north of us, mainly highways, roadways, and construction efforts by the state to provide adequate transportation; but when it came to the boundaries of Gila River, they were significantly changed. The roads we thought that would provide access to our Reservation were somehow changed in their design and did not come on to the Reservation. We do not have access or offroads, and planned super-highways or freeways that potentially could have come on the Reservation were changed. They did not come on to the Reservation.

Another issue is the tax immunity that Tribes have historically been accorded. We asked Congress for their continued support to recognize the detrimental effect threatened by lawsuits which were attempted by the state governments to impose taxes on business activities of Indian Reservations. This threatened uncertainty undermines initiatives to improve the economic environment of tribal communities long before the litigation is concluded.

We urge you to support the Bureau of Indian Affairs Loan Guarantee Program which must be fully funded. This provides an excellent opportunity for Tribes to go into this program in order to assist us in our economic development strides.

The Bureau of Indian Affairs must develop the expertise to provide technical assistance to Indian Tribes in their economic development efforts. One area in this is the data gathering which would

make it accessible to the Tribes, in order for them to get packages together, in order to seek funding for their development initiatives.

I would like to also mention that the community supports H.R. 1325, the Indian Employment Tax Credit Act. There have been several attempts to assist in the last Administration for some form of tax credits in Indian country and that was vetoed by the last President. So, we urge your support to revive this.

In closing, I would like to mention the Economic Summit that was held in Washington, DC. in January, and I believe you all received this copy. A lot of our interest in what we put together also is coming from this Tribe as well.

I would like to say that two basic doctrines pervade all of Indian policy. First is the Indian Tribes' sovereignty issue. Of three Government sovereignty authorities that are recognized in the Federal Constitution, one is the Tribes, along with the United States, and the states themselves.

Second, the United States has a long-standing, well-established special trust obligation to American Indians. I believe if we all work together as partners with the United States being an enthusiastic partner, that we could go forward in our strides for economic development.

Thank you for your time.

[Prepared statement of Ms. Thomas follows:]

TESTIMONY OF
MARY V. THOMAS, LIEUTENANT GOVERNOR
OF THE
GILA RIVER INDIAN COMMUNITY
PHOENIX, ARIZONA
APRIL 8, 1993

Mr. Chairman, members of the House Interior Committee and staff, my name is Mary V. Thomas, and I am the Lieutenant Governor of the Gila River Indian Community. The Gila River Indian Reservation is located immediately south and east of Phoenix, Arizona. My ancestors are Pima and Maricopa Indians who have farmed the Gila and Salt River valleys since time immemorial.

It is my pleasure to testify today because we are living in dynamic and challenging times and I find it exciting to be a part of the Community's growth and development.

Historically, the Tribe has based its economy on agriculture. However, because of economic decline and market instability, the Community has responded to the need to diversify into non-agricultural development.

Although we are strategically located between Phoenix and Tucson and Interstate-10 divides the Reservation, our development potential remains rural in character. Our proximity to the Phoenix Metropolitan Area provides an excellent opportunity for economic growth. Among our current development activities are commercial and retail outlets, tourist-oriented industry, industrial leasing and activity as well as agriculture, both by the Tribe and through individually-developed businesses.

Rural development in our area of the State is supported by Indian and off-Reservation communities alike. Economic benefits resulting from our development efforts, both existing and planned, include jobs and education and training opportunities available to Indians and non-Indians. Advantages sought for the benefit of the Community include the reduction of the unemployment rate, opportunities for children and adults to complete optimal educational levels, development of training programs that allow individuals to learn usable vocational skills, and, most importantly, the accommodation of an individual's need to secure for himself or herself a place in the work force. Accordingly, our economic development potential is in need of assistance in the following areas:

TESTIMONY OF MARY V. THOMAS
LIEUTENANT GOVERNOR

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JOB TRAINING: There is a need for management and technical people in our work environment. Needed skill areas include construction workers; design engineers; heavy equipment operators; building contractors; medical personnel; financial, managerial and executive-level personnel; planners; financial advisors; program accountants and legal personnel.

EDUCATION: Greater support of educational opportunities is needed. The drop-out rate among Native Americans remains alarmingly high. We need help and support in dealing with this problem. We recognize that the cost of a good education is often prohibitively high and that such costs continue to rise. On the other hand, educational opportunities that are affordable and otherwise accessible must be safeguarded if communities having the greatest development need are to be able to employ their members to manage and operate development initiatives.

INFRASTRUCTURE DEVELOPMENT: Effective economic development planning necessitates, of course, the existence of adequate infrastructure. Public utility infrastructure must be properly funded if development potential is to be realized.

It is critical that the tax immunity Tribes have historically been accorded receive the continued support of Congress and that Congress recognize the detrimental effect threatened by lawsuits caused by attempts by State government to impose taxes on business activities on Indian Reservations. The economic uncertainty threatened by such overreaching undermines initiatives to improve the economic environment of tribal communities long before the litigation is concluded.

Additionally, we submit that the following efforts would greatly enhance economic development opportunities in Indian Country:

THE BUREAU OF INDIAN AFFAIRS LOAN GUARANTEE PROGRAM MUST BE FULLY FUNDED: The Loan Guarantee Program available to individuals and Tribes through the Bureau of Indian Affairs is an excellent program and should be expanded. Without the Loan Guarantee Program, many Tribes would find it impossible to assist and create economic opportunities on their Reservations. This critically important program provides an impetus for the development and the nucleus of any financial package available for tribal development from private sources.

TESTIMONY OF MARY V. THOMAS
LIEUTENANT GOVERNOR

Page 3 of 4

We understand that although current legislation provides that as much as \$500 million may be appropriated for this program, only \$330 million is currently outstanding in guarantees authorized. In order to fully fund the Loan Guarantee Program to a more appropriate level which approaches the volume of guarantees foreseen by Congress, an amount greater than the current annual appropriation of \$68.8 million should be appropriated. We urge that, in recognition of the actual economic need of tribal communities, not less than \$80 million be appropriated for the Loan Guarantee Program for the next fiscal year. Additionally, revolving credit loan funds and business development assistance must be expanded.

THE BUREAU OF INDIAN AFFAIRS MUST DEVELOP THE EXPERTISE TO PROVIDE TECHNICAL ASSISTANCE TO INDIAN TRIBES IN THEIR ECONOMIC DEVELOPMENT EFFORTS: An important element of any business transaction is financial analysis including economic feasibility studies and credit evaluations. Many Indian Tribes need direct assistance in these areas and must have access to qualified personnel with expertise in project start-up and management. In this light, the Bureau of Indian Affairs' present capability to assist Indian Tribes in developing, evaluating, and implementing economic development efforts is disturbingly limited. If the BIA is to provide solid support for tribal economic development, the agency's programming in the technical and managerial areas must be greatly expanded and improved. Thus, Congress should vigorously support the BIA's current efforts to restructure its programs so that technical assistance services may be delivered efficiently and effectively.

Tribes also need research and information services. Information regarding marketing and procurement, data collection, computer networking, and public relations strategies should be available to support economic development in Indian Country. Finally, there must be information made available to Tribes regarding successful and proven methods of financing, banking relations, entrepreneur development and project management.

I wish to clarify that my remarks do not assume that the BIA will be the only source of assistance available to Indian Tribes. The federal government's fiduciary responsibility to Tribes certainly mandates our eligibility for any and all legally available benefits whether administered through the Interior Department or any other federal agency. At a minimum, the areas addressed in the foregoing should be developed and expertise and sound technical assistance be made readily available to all Indian Tribes.

TESTIMONY OF MARY V. THOMAS
LIEUTENANT GOVERNOR

Page 4 of 4

THE COMMUNITY SUPPORTS H.R. 1325, THE INDIAN EMPLOYMENT TAX CREDIT ACT: We understand that if H.R. 1325 is enacted, tax credits will be provided employers on Indian Reservations if those employers bear infrastructure development costs. The employer will also get tax credits for new construction activities. In the event a high percentage of Indian employees are hired and certain employment benefits packages are offered, additional tax credits will be available.

This legislation could be very helpful to Gila River and to many Indian Tribes. H.R. 1325 is an example of the type of legislation that will immediately assist and provide a boost to economic development on Indian Reservations.

There is much work to be done to stimulate economic development on Indian reservations. We urge that our comments be carefully reviewed so that economic development to the Gila River Indian Community and Tribes throughout this country can take place.

Mr. RICHARDSON. Thank you Lt. Governor.

Ms. THOMAS. Thank you.

Mr. RICHARDSON. Before I turn to Chairperson Garcia, let me note and welcome the presence of the Chairman of the Hopi Tribe, Vernon Masayesva, and the President of the Navajo Nation, Peterson Zah. They will be on our second panel and I want to welcome them.

The Chair recognizes Chairperson Nora Garcia.

STATEMENT OF NORA GARCIA

Ms. GARCIA. Good morning. For the record, my name is Nora Garcia, and I am the Chairperson of the Fort Mojave Indian Tribe. I also was a former President for the Inter-tribal Council of Arizona. Those reins have been turned over to the Hon. Dale Phillips of the Cocopah Nation. I wish him well.

It is good to have you both here. As you know, the State of Arizona has, in the recent months, been played up in the media quite a bit regarding gaming as one of its highest and foremost economic development projects on the Reservation. My Tribe, unlike the others, is located in Nevada. Our interests are somewhat similarly located there as well. For us that is one of the gaming industries in Nevada. It is a part of an industry that exists there as part of a state-recognized right of all people who would choose to enter such development. Our Tribe is no different.

We have a Reservation that extends into California, Arizona, Nevada. The majority of our property is located in Arizona, which is comprised of the checkerboard situation. Every other section is tribal/non-tribal. We have experienced extensive problems. I think, first and foremost, fundamentally, is just the issue of tribal sovereignty and the recognition of tribal governments. The rights that they have as far as being able to exercise their rights to develop utilities for a long time. The monopolies have been held by other interests that were providing service to the Tribes once the Tribes exercise their right to promote their own development of their utilities, such as telephone, power, water and sewer. On our particular Reservation we have established a water and sewer program which service is tribal and non-tribal lands. That was through a cooperative effort with the State of Arizona. So far it has worked well, other than in some areas where we have had difficulty in obtaining certificates of convenience and necessity for servicing non-Reservation properties, sewers unregulated currently in the State of Arizona.

We have also recognized just dealing with the county in general, already because of the checkerboard, that we are experiencing problems in jurisdiction, boundary disputes, rights-of-way, just coordinated use of the properties. They may plan a housing development directly across the street from farming, and so it has created a lot of problems. We have been able to sit down and negotiate with them and work things out.

To date, we have worked with a generic inter-governmental agreement to address all issues and concerns. So far we have had changes in their administration, which has not been wanting to recognize what had been done by the prior administrations, so that

exists just as well as you do on tribal Reservations where you have turnover. So, the consistency and the continuity is just not there.

Although we have continued to work with our neighbors in hoping to accomplish at least coordinated planning, I think the fundamental issue is just that recognition by all elected politicians and/or just people in general, depending on where you live, adjacent to Reservations.

For the Tribe we occupy a desert area, which to a lot of people seems desolate, but because of the Colorado River it is very prime property. We hold a number of acres of undeveloped riverfront property. For us, the river is the lifeblood of our Reservation. In addition to a number of the things that we found is the level playing field for businesses and consumers that we hope to attract to the Reservation. They must not be disadvantaged, as compared to off-Reservation enterprises. We have had problems getting a CCNN—our permit for our cable company. Even though they follow the same procedures like anybody else would—pay their fees and whatever—they are still denied a permit from the county. So, there still exists a lot of those types of things that tend to play.

As I mentioned, the industry that we are looking at in developing our property has pretty much come to a halt. The financing end of it is very difficult to achieve. I know we have gone to the Bureau and to the Federal Government for funds to develop some of our property, especially the infrastructure development. Most tribes have done that as a way and a course of getting things done. However, this is inadequate because of the funding levels and the restrictions.

I believe the involvement of some of the funding programs for the Loan Guarantee Program and for the Direct Loan Program have been greatly reduced. The immediate need for even a telephone company we established, in one instance, would cost \$40 million. The current budget is roughly around \$58 million. It is anticipated additional dollars would be needed, but that is just for one project. So, there are different instances like that that we have needs of.

I have a very aggressive recommendation here. The Tax Status Act, which sometimes restricts the Tribes from being treated just like state governments. There are barriers that are there. There are certain requirements, such as the total amount of bonds issued for municipal manufacturing facilities, where the total amount of bonds issues cannot exceed the following formula, which is 20 times the total wages of all of the enrolled members of the Indian Tribes, or the spouse of any such member working at the manufacturing facility. There are just a lot of limitations in that that prohibit us from really going out and seeking the outside private capital. So, in order to access those, there are some amendments that will need to be made in a number of the acts that are currently being looked at as up for some sort of legislative change. They need to include tribal governments.

With that, I thank you for holding this hearing. I will enter the rest of my testimony as part of the record.

Thank you.

[Prepared statement of Ms. Garcia follows:]

Testimony of Nora Garcia
Chairperson, Fort Mojave Indian Tribe
Before the Subcommittee on Native American Affairs
of the Committee on Natural Resources

Mr. Chairman:

My name is Nora Garcia and I'm the Chairperson of the Fort Mojave Indian Tribe. We have inhabited the banks and area along the Colorado River on lands of what are now the states of Arizona, California and Nevada since time immemorial. I am honored to welcome you and your committee staff to Arizona. I want to commend and thank you for holding these hearings on economic development in Indian Country. It is important for Indian people to participate and be heard on this important subject, so critical to our survival in the modern world, and these hearings give us the opportunity to voice our concerns and opinions effectively.

The Fort Mojave Tribe, has had as one of its Reservation's primary goals the improvement of the Fort Mojave economy, which will in turn improve the lives of tribal members. Our Tribe has suffered greatly from the lack of economic development and it is with great sadness that I as Tribal Chairperson, acknowledge the poverty among my tribal members, and especially given the opportunities that the Tribe has had to forego because of a lack of access to capital. In fact, the trust relationship that exists between our tribes and the United States is considered by many to be the bleakest chapter in the history of this great country.

With this background, I would like to now turn to the concerns and needs of the Fort Mojave Indian Tribe in the areas of human, economic, and resource development.

Today, the Congress of the United States has re-affirmed the sovereign right of Indian tribes to be self-governing, and has encouraged states and tribes to proceed, negotiate government-to-government and enter into agreements in those areas where a state-tribe agreement is necessary and beneficial. The same "government-to-government" relationship must continue to develop between the tribes and the United States. These relationships will serve the interests of all, allowing the tribes to join the ranks of state governments in their ability to act to improve the lives of Indian peoples and to develop reservations into homelands with thriving, self-sufficient communities, governed for and by their people, looking forward in anticipation and excitement to the future for our children and our children's children and the generations to come, rather than with a feeling of despair.

The Fort Mojave Indian Tribe occupies a desert area, which to some may seem desolate, but for the Colorado River. For us it is home, as it has been for a millennium. Our claims to river waters, the lifeblood of our Reservation, was finally acknowledged following a long and arduous legal struggle in the

landmark case of Arizona v. California. The states of California, Arizona and Nevada would have left us with an amount of water insufficient for the development of our lands, asserting that the courts should look only to the population, current and limited foreseeable future needs. The court, in all its wisdom, saw beyond the states' simplistic approach, recognizing the tribal needs and rights, not just today, but for the future, and credited the federal government with the intention of so doing. As a result, the Tribe was awarded its rightful share of water, abundant enough to allow development of our lands. We now have the resource vital to any development, and the gaming industry will provide us with the means to realize our potential. However, no matter how great our effort and enthusiasm, there are substantial hurdles we must cross. Most significant among these hurdles is the need to develop infrastructure services -- roads, electric, solid waste facilities and systems. To do this, there must be funding available.

In addition, we must be able to provide a level playing field for the businesses and consumers we hope to attract. They must not be disadvantaged as compared to off-reservation enterprises.

With this, the Fort Mojave Tribe wishes to propose legislative action which will be beneficial not only to us, but to other tribes who seek diligently to move forward economically.

A short discussion of the problems and difficulties will best demonstrate the underlying problems and the manner in which legislation can help to resolve them.

The Fort Mojave Tribe is unique -- it is located in three very different states. Nevada has extensive gaming, an industry not subject to difficulties due to the desert location. Arizona's gaming laws are strict, and California can best be described as somewhere in between. While Nevada is primarily a desert with limited irrigation and relies almost totally upon the gaming industry, California and Arizona have other larger industries. Nevada's gaming industry is highly developed as are its governmental regulatory systems; California and Arizona do not share this gaming sophistication. Following Cabazon, recognizing gaming would provide a solid basis for economic development, the Tribe, prior to the Indian Gaming Regulatory Act, entered into a compact with Nevada. This Compact provides the mechanisms to insure gaming operated on tribal lands is regulated and controlled. Recognizing the advantages of utilizing Nevada's mature regulatory system, the Tribes and Nevada agreed to have the state regulate gaming on tribal lands in Nevada. Interest in the Arizona lands was immediate. Developers proposed leasing arrangements, and actual development is anticipated, with a promise of training and employment opportunities for tribal members. We are ready to go.

However, there is a major stumbling block -- financing. The Tribe does not have the funds to underwrite roads or infrastructure, which is, needless to say, a necessity. We are in dire need of these funds, or at least the reasonable ability to obtain these funds from private sources.

We ask Congress not for a handout, but for help, by making it feasible for us to solicit funding in the same manner, and under conditions no less advantageous than those available to states.

In the past, the Fort Mojave Tribe has looked to the federal government for infrastructure development. Most tribes have. However, this is inadequate. To this date, tribal governments have not been able to correct this problem because federal agencies are vested with the authority to control and develop infrastructure on reservations. Consequently, legislation which provides financial assistance to states' and local governments' infrastructure development has excluded tribal governments. This is the current state of affairs.

To remedy this situation I strongly urge this Subcommittee to review the statutes now in effect authorizing the various federal departments to aid state and local governments in their development of infrastructure and to recognize the positive effect of including Indian tribal governments, and put forth amendments that would accomplish this important step.

For example, the Environmental Protection Agency makes loans to the states and guarantees infrastructure bonds for water and wastewater treatment through a revolving loan fund. Indian tribes are not eligible for this program. This Act should be amended to add tribal governments as a government eligible to utilize the program. This would put tribal governments on an equal footing with the states, but even more important, it would vest tribal governments with the authority to set their own priorities and control the development of water and wastewater facilities. If tribal governments are to be effective in their pursuit of improving the lives of tribal members, and their reservation, they must have this basic authority.

The Farmers Home Administration and the Department of Agriculture, according to the 1994 Budget Passback from the Office of Management and Budget, is to receive over a billion dollars for rural water and wastewater loans and grants. Every effort should be made to ensure tribal governments' needs are included within this initiative.

Mr. Chairman, I think you will agree that my concern that tribal governments may be left out of the aggressive program commendably put forth by the new Congress and the new Administration in an effort to resolve our great nation's economic problems is with good cause. Looking to the current atmosphere Congress must contend with, I realize there is a severe backlash against tribal governments in the development of Indian gaming. I fear deeply that Indian Tribal governments' needs will be placed on the back burner, if you will, because of this. I urge you with all my heart not to allow this to happen. Only Congress can help us to help ourselves in this area. The most basic rule of real estate, and business, and gaming is no exception, is that location, location, and location are the most important factors. For gaming, Mr. Chairman, the Fort Mojave Tribe has that location. We want to be able to use it

to our advantage. I would therefore request that you and other members of the subcommittee make every effort to protect us from the current backlash and champion the idea of including tribal governments in the Clinton-Gore Administration's economic stimulus program.

It has come to my attention that the Department of Transportation is drafting a proposal for legislation which would create a revolving fund among the various states to make funds available through grants and loans, as well as authorize guarantees of infrastructure bonds for roads, streets, bridges and other transportation needs essential to the governmental needs of all communities. These needs are especially critical on our reservations, and I strongly recommend that Congress include Indian tribes in any such legislation and trust that this Subcommittee will be certain that Indians are included in any such legislation.

Another factor which has hampered infrastructure development which perhaps has not been recognized before but which is now a major hurdle which must be remedied if tribes are to be able to pursue economic development on the reservations is the inability of tribal governments to utilize the Indian Tribal Tax Status Act of 1982 to bond infrastructure and economic development projects that are essential to developing our reservation economies. This law, codified in the 1986 Internal Revenue Service Code at subtitle F, Ch. 80C, Section 7871, is entitled "Indian Tribal Governments Treated as States for Certain Purposes." The Congressional intent of this legislation is clear, Indian tribal governments just as states and local governments should be able through issuance of tax exempt bonds to fund essential governmental functions. Essential governmental functions that Indian tribal governments can bond are limited to the same types of infrastructures that are commonly bonded by state governments.

Section 7871 subsection C of the Act provides that Indian tribes may issue tax-exempt bonds of the construction and permanent financing of manufacturing facilities, subject to the following:

- o 95% or more of bond proceeds must be used for the acquisition, construction, reconstruction, or improvement of real property.
- o manufacturing facility must be located on land which for at least the 5 year period ending on the date of bond issuance is a part of qualified Indian lands of the issuer.
- o Manufacturing facility must be owned and operated by the Indian tribes.
- o Total amount of bond issued cannot exceed the following formula: 20 times the total wages of all the enrolled members of the Indian tribe or the spouse of any such member working at the manufacturing facility.

Our experience in attempting to utilize Section 7871 leaves us with concern. This section restricts tribal governments in the issuance of tax-exempt debt more stringently than municipal and state governments. Indian tribal governments can issue only (1) essential purpose debt and (2), private activity bonds to finance manufacturing facilities. This appears to prohibit tribal governments from issuing private activity bonds for the construction of single-family and rental housing for developers, while not so prohibiting state and local governments. Indian tribes can issue tax-exempt debt only for the housing of tribal members and only if such housing is owned by the Tribe. Individual Indians are thus deprived of what is commonly viewed by non-Indians as a basic American dream which they by right can pursue owning their own home (in the case of single-family housing) and, in addition, engaging in the critical entrepreneurial field of housing development (in the case of multi-family housing).

Neither the five year time period nor the "20 times rule" apply to municipal and state transactions. Indian tribes are as a result penalized and placed at a disadvantage. Tribes cannot issue the tax exempt bonds which encourage private investment and therefore cannot obtain revenues derived from such transactions.

Another matter of great importance is that unlike municipal and state obligations, as it now stands, tribal tax-exempt obligations are not exempt from Section 3(a) of the Securities Act of 1933 as amended. As a result, tribally issued tax-exempt obligations must be registered with the Securities and Exchange Commission unless the debt is secured by a letter of credit or privately placed. The negative effect of this restriction cannot be overestimated. At times when the economy is tight, as it is now, letters of credit are nearly impossible to obtain, relegating tribes to either registering the securities with the SEC or comply with the statute to exclude the bonds. This is, Mr. Chairman, a very costly process making it economically difficult, if not infeasible. When the size of most tribal bond issues is considered, the near fatal effect becomes clear. And if the cost in and of itself isn't enough, the time frame -- 3 to 6 months -- makes this process impossible to fathom. The Tribe's requirement to privately place, or obtain a letter of credit, involves prohibitive costs in terms of interest in a very limited market.

It is not that we do not recognize this Act has been helpful to tribal governments, we do. But its benefits would be immeasurably felt if amended, as we recommend, together with amendment of the 1933 Securities Act at Section 3 as follows:

1. Amend Section 7871 (c) (3) (B) (i) of the Internal Revenue Code of 1986, as amended, to add the words "electrical power generating facility or solid waste disposal facility" to the end thereof.

The addition of electrical power generating facilities and solid waste disposal facilities would expand Indian economic development opportunities.

2. Repeal Section 7871 (c) (3) (B) (iv) of the Internal Revenue Code of 1986, as amended.

3. Amend Section 3 (a) (2) of the Securities Act of 1933 and Section 3 (a) (29) of the Securities Exchange Act of 1934 to exempt bonds and other securities of federally recognized Indian tribes and political subdivisions thereof from securities law registration.

These amendments, which will exempt tribal bonds and other securities, publicly offered and sold, from SEC registration. Indian tribes, as a result could save millions of dollars in interest on economic development efforts and would make the bonds more attractive to investors.

Another area of concern, although not yet experienced, but anticipated to be a serious problem once development begins is "double taxation" States are asserting a right to tax non-Indian businesses that are located wholly within the reservation. This could potentially cripple the Tribe's planned economic development. The Tribe is relying, in large part upon its ability to institute a tax system which will be assessed upon non-Indians who lease and thus reside on the reservation, visitors and non-Indian businesses for revenues. If the states assert such "right" the Tribe will either have to forego its tax assessment power, bring suit, or place those on the reservation at an uninviting economic disadvantage. This would act to undermine federal policy supporting tribal economic development.

Recently, the Supreme Court ruled in just such an action, the Cotton Petroleum case, that state governments have the right to tax activities on Indian lands. This ruling which places the Tribe in this position will severely hamper tribal governments' efforts to develop reservation economies through the use of the tribes' taxing authority. I would strongly recommend that Congress address the problem of taxation of reservation activity by developing and instituting a federal policy whereby the federal government would facilitate intergovernmental tax agreements between state, county and tribal governments, so as to have an equitable apportionment of tax revenues while minimizing the burden on business, industry and reservation citizens.

Another legislative taxation initiative that the Fort Mojave Tribe strongly recommends is the enactment of federal investment tax credits and employment credits for business and industries developed on reservations. Such legislation was enacted last year in sections 132 of H.R. 11, the "Revenue Act of 1992." President Bush, however, vetoed this legislation thereby preventing these Indian employment and investment incentives from becoming law. Consequently, these tax incentives are urgently needed to help "level the playing field" now skewed against Indian economic development because of dual taxation and the lack of infrastructure development on our reservations.

An area which is basic to a fair and effective government, is the government's judiciary. Tribal courts have exclusive jurisdiction over civil actions involving reservation Indians. For Fort Mojave in particular, there is a

need for assistance insuring the establishment of a well developed, fully equipped, strong court system because of the anticipated influx of a large non-Indian population. The development of the court requires expertise in all areas of judicial administration, as well a funding. Bills have been introduced into both houses of Congress which provide for the necessary assistance for tribal court systems, namely HR 1268 and Sen Bill 521. We urge you to support the passage of these Bills and their enactment into law.

Mr. Chairman, it is all too often that Congressional enactments intended to encourage and to assist Indian tribes in the development of their resources and economies are insufficient, resulting in little if any tangible change. Title XXVI of the "1992 Energy Act is a perfect example. Section 2603 of the Act, entitled Promoting Energy Resource Development and Energy Vertical Integration on Indian Reservations" mandates the Secretaries of Energy and Interior to establish and implement a demonstration program to assist Indian tribes in pursuing energy self-sufficiency. This was intended to promote the development of a vertically integrated energy industry on Indian reservations. This program permitted up to 50% of the cost of the vertically integrated program to be funded through grants. Low interest loans are also available and can be utilized by tribes to further assist the underwriting of costs of development of qualifying projects.

However, the funding levels are wholly inadequate for any meaningful assistance. Under the Act Congress has authorized \$10 million a year for the grant program and a like amount of the loan program in each fiscal year starting in 1994 and ending in 1997. Mr. Chairman, based upon our investigation into the costs of, and our experience with, utility plant and system development, such as the telecommunications system Fort Mojave has initiated and is developing, any one tribe could utilize all of the funding authorized in the legislation, in some instances even with a single project. The amount authorized for the grant program and the loan program, some \$40 million dollars each, is not realistic if the purpose of this program is to be accomplished. The funding must be dramatically increased to constitute meaningful assistance. In consideration of these increases, we recognize the costs are high, but it must be equally acknowledged the economic returns to tribal governments are substantial, maybe even immeasurable. The Fort Mojave Tribe, for example, could turn its fledgling programs into viable models for reservation and tribal self sufficiency, not only in terms of utility service, but also in terms of training and employment opportunities for individual Indians. I therefore strongly recommend this subcommittee propose amendments to the authorizing legislation so as to provide funding levels which are commensurate with energy resource development costs so as to make this program's goal a potential reality.

In closing, Mr. Chairman, on behalf of the Fort Mojave Indian Tribe, I would like again to thank you for giving us the opportunity to voice our concerns and recommendations through testimony before your subcommittee and trust that you and the subcommittee members will give our recommendations your utmost consideration. I also would be honored to testify at any hearings called

for the purpose of enacting specific legislation resulting from these field hearings.

Mr. RICHARDSON. Thank you, Madam Chairperson.

The Chair recognizes Chairman Ronnie Lupe, from the White Mountain Apache Tribe, Whiteriver, Arizona.

Welcome, Mr. Chairman.

STATEMENT OF RONNIE LUPE

Mr. LUPE. Mr. Chairman, and members of the Committee, thank you for inviting me to be here with you today. I consider this a very important occasion for me to sit here before this distinguished Subcommittee and those here that are representing their various areas of tribal government.

We are different from any other community across the country. The stimulus package that you just referred to a little while ago, Mr. Chairman, hopefully those monies would somehow end up on our Reservation and not be diverted to other projects, because there is a great need on my land, on my Reservation.

I am pleased that the Subcommittee also consists of Karan English, who is representing my district on—when she came in. She and I have spoke briefly at her office very recently.

Welcome back to Arizona. I would like to welcome also Chairman Richardson to our Reservation here. This is part of our Reservation, we, the Indian people, even though it is the Salt River Indian Reservation. We join together and speak to the concerns of our people in the same manner and the same light as all.

We have not had much of an opportunity in the striving community in the State of Arizona. We have been neglected in so many areas it is pitiful, to say the least. The infrastructure, the industrial survey, money for irrigation, money for water development and natural resource development. I come from 200 miles northeast of the Phoenix area, and I need help in the area of money for forestry development, our natural resource development. The immediate concern of my people presently facing us is the endangered species, which are flung all over the country, across the United States. They have been able to shut down several sawmills across the country. People are unemployed. On my Reservation, 68 percent of my people are unemployed, and we rely on our natural resource timber operation. The endangered species have been mentioned by the United States Fish and Wildlife which hampers my operation.

Presently, we employ 300 people in our sawmill. We have reduced the cutting from 90 million board feet annually several years. We continue to cut it down to 75 million. Right now we have limited ourselves to 68 million board feet annually. Again, we are concerned about the pristine resources of our Reservation.

Also the environment of our Reservation is very much of a concern to our people, since we are one with Mother Nature. We have a sacred viewpoint. Our spiritual values are with the natural resources available to us. It is no wonder that the endangered species which are dying out are being surveyed across the country, and they exist on my land. I can mention a few. The loach minnow which swims in the river, the Arizona Willow, the razorback sucker, the flycatcher, spotted owl—they are striving, they are well, they are abundant on my Reservation. Because they exist on my Reservation, it is hard and very difficult for me to understand that

the United States Fish and Wildlife is willing to shut me down just because they are there.

We are continuing to develop our land to meet our needs and our striving community, and yet the State of Arizona, the Federal Government, wish to hogtie me. I can no longer develop my water. I can no longer develop any of the natural resources on my Reservation because these endangered species, endangered elsewhere, they exist on my Reservation. I take care of them. We live with them, one on one. I do not think that I should be prosecuted because they exist on my Reservation. We live hand-in-hand with these endangered species. They may be endangered elsewhere, but we are living as one on our Reservation.

Aside from that, the immediate concern is gaming. It has come about very recently that my compact is already established by the Justice Gordon, the mediator. Our compact has improved, insofar as the White Monopache Tribe is concerned. It is not up to the Secretary of the Interior, if the Governor of the State does not wish to sign that compact. That would immediately infuse economic develop on my Reservation.

The unemployment situation that I just mentioned—the numbers are staggering. I could immediately put to work all of those people. I could eliminate welfare, food stamps, all of the associated ills that exist on my Reservation. There are many areas of concern that I could mention that are directly impacting my people.

The cadastral survey on my Reservation has never been made. The infrastructure development has never been done. Money for the resource development forestry operation on my Reservation, federally, through the Bureau of Indian Affairs, has been cut. I do not understand why the Bureau of Indian Affairs continue to cut their money directly concerned with our Indian education on our Reservation—the need for utility improvement on our Reservation. Our kids are going to school inside a building that is practically falling down.

I have so many on the list, but I limit myself to only two, and I tried to give you an idea that the need is so great on my Reservation. I hope that you can meet some of these concerns. If you have the time, maybe you can come and visit and see us.

Thank you very much.

[Prepared statement of Mr. Lupe and letter to Chairman Richardson dated April 27, 1993, follow:]

STATEMENT OF
RONNIE LUPE, TRIBAL CHAIRMAN
WHITE MOUNTAIN APACHE TRIBE

BEFORE THE SUBCOMMITTEE ON NATIVE AMERICAN AFFAIRS
COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

OVERSIGHT HEARINGS ON ECONOMIC DEVELOPMENT ISSUES

APRIL 8, 1993

Mr. Chairman, Members of the Committee, I am Ronnie Lupe, Chairman of the White Mountain Apache Tribe. I appreciate your extending me an opportunity to express my concerns over some key issues that stand in the way of self-sufficiency and progress for the members of the White Mountain Apache Tribe.

I am especially pleased to appear before this new Subcommittee today for two reasons: one, the formation of the Subcommittee by Chairman George Miller is a hopeful sign of renewed interest for Indian issues in the House of Representatives; and, two, because our own Congresswoman, Karen English, is a Member of this Subcommittee and I have high regards for her.

Mr. Chairman, I want to limit my comments to the discussion of two issues that threaten two-thirds of our existing Tribal income and any hopes we have for economic prosperity; Indian gaming and the implementation of the Endangered Species Act on our reservation.

Let me begin with Indian Gaming. You sat with the Subcommittee on April 2nd and heard presentations ranging from proponents of tribal gaming operations to the Governors' Association which is in direct opposition to Indian gaming. You also heard our own Arizona Congressman Ed Pastor give an eloquent summary of the situation here in Arizona.

I would like to add a few personal observations about this issue because it is so important to the economic future of the people of the White Mountain Apache Tribe and because this issue has serious implications for all American Indian tribes.

Mr. Chairman, my concern and frustration was not recently formed. When the Indian Gaming Regulatory Act was first passed in 1988, I expressed my own deep concern about the ambiguities in the law and the obvious incursions that the Act made on Tribal Sovereignty. Unfortunately, I have not changed those views. At the time, I was also encouraged that the principal goal of the Federal Indian policy as stated in the Act was to promote tribal economic development, tribal self-sufficiency and strong tribal governments.

As Chairman of a tribe that has unemployment of 68 percent, we are in obvious and desperate need of job-producing opportunities. The Act seemed to give us another avenue by which we could create jobs by developing a gaming enterprise that would compliment the existing recreational activities on our reservation. We felt that these new jobs would offset the jobs being lost by reductions in our timber harvest which we have voluntarily initiated in order to protect and preserve our forest lands. I saw firsthand the positive effects that Indian gaming has had on other Indian Tribes in Minnesota and Wisconsin. I knew that we could duplicate this success in our beautiful White Mountains and bring full employment to our tribal members.

But I must now report to you and the Members of the Committee that what I once viewed with optimism has turned to skepticism and growing cynicism.

What is happening now, Mr. Chairman, is that some governors, including my own, are bound and determined to deny us this relatively small opportunity for significant economic stimulus. Rather than joining with us in an economic opportunity that can revitalize rural areas, they mobilize opposition and raise fears of tribal corruption and the threatened incursion of organized crime--charges that are baseless and that have never been substantiated. It is with some unhappiness that I say we cannot help but believe that this criticism has some racial overtones. Anti-Indian feelings in the West are long-standing and painful and I recall instances where it has affected me directly.

In Arizona, we agreed to mediation in an effort to reach a good faith agreement on a tribal compact with the State. The mediator, the respected jurist Frank X. Gordon, Jr., reviewed the federal and state laws, visited our reservations, talked with citizens in neighboring communities and reached a fair and equitable finding in favor of the Arizona tribes. The Governor, however, is seeking to void the mediator's decision. We believe that he should agree to it. Failing that, we believe the decision should then go to Secretary Babbitt for approval. Secretary Babbitt is a friend and an honorable man. We expect him to do the right thing. We expect him to view the economic deprivation on our reservations with the same fairmindedness and compassion as Judge Gordon. We expect him to side with the tribes and provide us the chance to bring a measure of economic prosperity to our reservation.

The fundamental cause of the major social ills on our reservation is unemployment. With over half our population under the age of eighteen, our labor force is growing at a staggering rate. Each year two hundred young people join the tribal labor force. It is impossible to keep pace with this growth without an extraordinary economic development effort. Indian gaming has that potential. Indian gaming enterprises have been successful in addressing this problem in other rural regions in Indian Country and I know it can bring similar benefits to my reservation and the entire White Mountain region.

The need for the development of a successful gaming enterprise becomes even more critical as the impacts of the Endangered Species Act begin to be felt on our reservation. Despite the fact that the Tribe has a documented record of protecting endangered species such as the Apache trout and the bald eagle, despite the fact that the Tribe has preserved and protected some of the most pristine wilderness remaining in the state of Arizona, implementation of the Endangered Species

Act is threatening two-thirds of our tribal income. These threats stem primarily from the listings of the Mexican Spotted Owl and the Arizona Willow.

If the Fish and Wildlife Service apply the same restrictions to tribal forests as they intend to apply to National Forest land, tribal logging operations and the tribal sawmill could be shut down by May of this year. This would devastate our tribal economy. The Fort Apache Timber Company, our tribal sawmill, accounts for over half of our tribal revenues. But I feel strongly that this bureaucratic and insensitive application of the Endangered Species Act is wrong and contrary to the spirit and intent of the Act. Our logging practices are significantly different from the U.S. Forest Service. We practice uneven age management and prohibit clearcutting and cable logging which leaves an abundance of suitable habitat for the Mexican Spotted Owl and a wide variety of other wildlife.

The listing of critical habitat for the Arizona Willow could seriously effect the operations and development plans at Sunrise Ski Resort even though the Arizona Willow is thriving on the reservation. There is no threat to the Arizona Willow on the reservation, in fact, 80% of the entire Arizona Willow population occurs on the reservation, primarily in areas closed to grazing and logging.

But our arguments fall on deaf ears. The U.S. Fish and Wildlife Service chooses to ignore our tribal sovereignty and treats our homeland as if it was just so much national forest land. In fact, the U.S. Fish and Wildlife Service rarely communicates with our Tribe. Generally, we learn about their proposed actions by notices in the Federal Register. Although they are an agency of the U. S. Department of Interior, our trust agent, the U.S. Fish and Wildlife Service has little understanding of the trust responsibility or the government-to-government relationship that exists between Indian tribes and the federal government. And, I am quite certain, they have little concern for the economic impact of their actions on our tribal members.

The Mexican Spotted Owl and Arizona Willow are just two of a long list of threatened or endangered species which include the bald eagle, peregrine falcon, loach minnow, razorback sucker, spikedeace, etc., etc, etc. The list goes on and on, with new listings being proposed on an almost weekly basis. The administrative process of responding to their proposed listings and designations is draining the time and resources of our limited staff. Rather than expend our energy in the development of new or expanded economic enterprises, we are spending our time defending what little we have.

Our Tribe subsists on a resource based economy. Curtailing our timber operations, restricting our outdoor recreation activities and sabotaging our attempts to establish a viable gaming enterprise on our reservation is a sure formula for making the White Mountain Apache an Endangered Species.

Thank You for your attention and consideration.



Executive Office of the Chairman
WHITE MOUNTAIN APACHE TRIBE

RONNIE LUPE
 CHAIRMAN

April 27, 1993

Congressman Bill Richardson
 2349 Rayburn Building
 Washington, D. C. 20515

Dear Congressman Richardson,

Thank you for the opportunity to appear before the House Subcommittee on Native American Affairs on April 8, 1993 at the Oversight Hearings on Economic Development Issues held at Scottsdale Community College and to share my views on Indian economic issues as well as other related issues. I appreciate the efforts of yourself and Congresswoman Karen English to use your valuable time to listen to us and to understand the serious issues that are confronting tribes today.

Several issues were raised during our discussion which I would like to clarify or to add some additional comments:

First, during a discussion about natural resource management, you asked about the clear-cuts on our reservation and I told you that the BIA had done some clear-cuts in the northeast area of the reservation. However, the discussion shifted and I didn't have an opportunity to explain the background information regarding these clear-cuts.

Approximately fifteen years ago, the spruce trees in the higher elevations in the northeast area of the reservation were infested with spruce bark beetles. The infestation threatened to spread to all the spruce in the high country including the spruce in the Mt. Baldy Wilderness Area. Incidentally, this area is well above the life zone of the Mexican spotted owl. Forest Service entomologists had predicted that 90% of the spruce trees would be killed by this spruce bark beetle infestation. In order to arrest the spread of the spruce bark beetle, the BIA clearcut the heavily infested spruce stands. The spread of the beetle was halted, the area has been replanted successfully and, hopefully, there will not be another occasion that requires such a drastic action.

As a matter of tribal policy, the White Mountain Apache Tribe does not allow clear-cutting on the reservation nor do we allow any cable logging or any type of logging in steep areas (areas with a slope over 40%). Unlike the forest management practices of the U.S. Forest Service, the silviculture practices on the reservation are based on policies of uneven age management and selective cuts. The Tribe's forest management practices, ideally, should maintain a multi-storied forest that promotes biological diversity as well as provides a sustainable supply of timber for the



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tribe's sawmill. Recently, in order to insure the sustainability and character of the Tribal forests the Tribe reduced our annual allowable cut from 75 million board feet to 62 million board feet.

On the topic of Indian economic development, you indicated an interest in the creation of reservation "enterprise zones" as a tool for economic development. For some tribes, the enterprise zone may have some advantages, particularly if they are in a region that has no other enterprise zones, and, the attraction of non-Indian businesses on to the reservation is a component of the tribe's development strategy. But there are a lot of "enterprise zones" available to businesses that want to locate and not all tribes desire to develop through the attraction of non-Indian businesses to the reservation. Enterprise zones by no means meet the development needs of all tribes.

Indian economic development legislation should recognize strategic differences among tribes e.g. differences in capital resource assets, labor force experience, market opportunities, development policy, etc. and provide a variety of economic development tools, such as; tax credits, tax exempt bonds for on-reservation tribal enterprises, a resolution to the dual taxation issue, training and technical assistance programs, etc. There is no single solution to the economic development challenges faced by American Indian tribes because the obstacles and the tribal resources available to deal with the obstacles vary from tribe to tribe.

On a related topic, I want to share some of my concerns regarding funding issues for natural resource management on our reservation. As I indicated at the Oversight Hearing, the White Mountain Apache reservation is a haven for threatened and endangered species. While the plants and animals themselves have always been respected by us as gifts of the Creator, the administration and management of these species under the Endangered Species Act is becoming an increasing drain on our staff resources.

Funding for natural resource management on Indian reservations has always been lower than funding for the management of public lands such as national forests. The per acre funding for the management of national forests is approximately three times (300%) the funding level for comparable management responsibilities on Indian reservations. Also, Indian tribes do not receive any funding through Dingle-Johnson or Pitman-Robinson recreational funds as do the states, even though Indian reservations generate considerable recreational sales. Additionally, the Tribe receives no funding through U.S. Fish and Wildlife Service for the costs of biological assessments, species surveys and other management costs associated with threatened and endangered species. Currently, we estimate that we need \$300,000 annually to meet the funding needs for threatened and endangered species management for species currently identified.

As you can see, Indian tribes are hard pressed to fund the natural resource management activities on our reservations. The costs of management often exceed the revenues generated from recreational or other natural resource uses. These costs place an additional burden on the Tribe as we strive to gain a measure of self-sufficiency. Further, the implementation and impact of the U.S.

Fish and Wildlife Service's rules and regulations are not well thought out concerning their effects on the tribe's economy or the legitimacy of designating critical habitat on tribal land.

Finally, at one point in a discussion of the BIA reorganization you asked about the role of the Area Offices. I didn't have an opportunity to express my thoughts at the time so I would like to now. From the very beginning of the BIA Reorganization I have stated my position. The line of authority in the BIA should be straight from the Agency to the Central Office and the Area Offices should be reduced in size and function and be restructured as Technical Assistance Centers that can provide limited technical services and broker other technical assistance for tribes from federal agencies or federal contractors.

Again, I appreciate the opportunity to present my views to you and your Subcommittee. Only by the Congress and the Tribes working together to identify and resolve issues can true economic progress occur on our reservations.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronnie Lupe". The signature is fluid and cursive, with a large loop at the end.

Ronnie Lupe, Tribal Chairman
WHITE MOUNTAIN APACHE TRIBE

cc: Representative Karen English

Mr. RICHARDSON. Thank you very much, Mr. Chairman.

The Chair recognizes the gentlelady from Arizona.

Ms. ENGLISH. Thank you, Mr. Chairman. Thank you for the comments of all three of you.

I have got a couple of questions that, I would like each of you to respond to. The first one has to do with facilitating or extending expertise in the area of natural resources. I have visited with a number of Tribes since I have been in office. One of the key concerns has been that Tribes generally rely on the natural resources within their Reservation for their economic opportunity. When taking a look at the BIA, I find that there isn't the level of expertise or technical assistance or revenues available in that area to help the Tribes. Do any of you feel that that could be a department that could provide these services to your particular Reservation and Tribe? Can you share an opinion on that with me?

Perhaps we could start with Mary?

Ms. THOMAS. Thank you, Karan.

If we were to allow the Indian Tribes to use our sovereignty to go out and contract for these services, and get people in our certain locale that could provide that technical assistance, I think that would serve a better structure for the Tribes to also be a part of it, because they will be in this area. If we had the dollars to go ahead and contract for those services—or whether the Bureau or BIA choose their own people, they are usually brought from back east or somewhere, and not necessary from the west. So, if we could have some say and work together, and maybe identify people who are not familiar with this area, that would be more beneficial to the Tribe.

Ms. GARCIA. I think, Ms. English, in response to your question, I know, in particular, the natural and trust resources that are provided within the Bureau budget have never been adequately funded. There it is always being taken to take care of education. It is like robbing Peter to pay Paul, in most instances—that has occurred.

On the Reorganization Task Force on which I sit, we have been looking at those different areas, and we believe that if four areas were concentrated on, that being the natural resource area and the trust responsibility area, helping the Tribes develop that capability, I think that, not only within the Bureau, but at the Reservation level back home is where it needs to be done. I think that expertise needs to be gained at home. We have been trying to access funds for water development. There are a lot of initiatives going on with the Colorado River right now that we have not been able to tap resources to, you know. At least give us the information that we need technically to decide whether this is a good decision to make or not on the management of the river. You know, there are certain instances like that that we have come across.

I know we have gone out technically because there are just not the bodies there to do the job, you know, as requested, even though you go to the Bureau—it is not there. So, I think some sort of initiative, with input from the Tribes on how that can be structured would greatly help the tribes' efforts.

Not only that, but I think when you look at dealing with Fish and Wildlife or Bureau of Reclamation, or BLM, their interests, in

most cases, conflict with the Tribes'—and in most cases take precedence. So, I think it is incumbent upon us equally to have a say so into how that committee—and how we think it would work best for the Tribes.

Thank you.

Ms. ENGLISH. Mr. Chairman.

Mr. LUPE. I also would have similar concerns in reference to both of the statements made—the chain of command, the communication is so lacking. We have an agency called the Bureau of Indian Affairs. How in the world is it that, you know, the information received in the Interior's central office is not getting down to the grassroots level per se? We do have already in existence what you have just mentioned, but it is not reaching us for some reason.

Ms. ENGLISH. No, it is not.

Mr. LUPE. This is hampering us in so many ways. This massive agency somehow must certainly curtail and short-circuit some area so that it does reach us in a manner that is supposed to have been designed.

We have mentioned throughout the years a reshuffling, changing tires—the same tires have been changed per se in a number of years. Perhaps, through this Administration, once and for all that you do have an impact—a positive impact—on what you have just mentioned somehow, maybe through the Bureau system itself.

We do need the trust protection of our land. There is a sovereignty that is very gravely concerned for myself. We are autonomous through that sovereignty. We run our own program. We do not want any Federal or state agencies interfering, curtailing our activity, just because this agency will be in existence from now on. We are capable. We do have the capacity to see for ourselves, and govern ourselves. With that respect, your question is very wisely stated. We do need that infrastructure.

Ms. ENGLISH. Mr. Chairman, you are the one that brought up the Indian gaming issue. I do not want to make this hearing an issue over Indian gaming, but I have a question with respect to the economic opportunities of gaming. Please do not take my question as a criticism at all. I just need some additional information.

If you had what you would consider to be the full variety of economic opportunities on your Reservation, would gaming still be an option for you?

Mr. LUPE. Gaming is very controversial with the human being ever since God created a human being, and it still is today; but yet it does exist and it is thriving in the United States—in America. There is freedom of opportunity for everyone to get involved in these opportunities. Why is it that we are being denied?

There is a class re-gaming activity going on in the State of Arizona. All we want is a piece of the action; but we are being denied. There is a hypocritical approach to Indian Tribes when it comes to gaming.

The reason why we want to take advantage of Indian gaming is that we have tried a number of economic opportunities. It was laid down on our table, and somehow red tape, bureaucracy, a number of things came in. The name of the game to get involved in economic development is money. If you do not have the dollars, you

will never get it. Is there any other industry that I can produce on my land? Naturally I can, but I do not have the resources.

Indian gaming, as we reviewed in our last 5 years, does provide money. It is not the only thing, but it is part of the economic activity that exists in this country. If that is the reason for getting involved in Indian activity, providing opportunity, progress, going into the twenty-first century with Indian gaming, we want to be allowed that opportunity. I think Indian gaming, if it existed on my Reservation right now, would provide many opportunities. It could even bring industries that are now non-existent on my Reservation, because it would provide me with capital investment which I do not have right now.

Ms. ENGLISH. So, you view it as probably a very quick immediate infusion of capital to develop these other economic opportunities?

Mr. LUPE. Definitely that would happen.

Ms. ENGLISH. Okay.

Mr. LUPE. Right now I do not have the money to provide any other industry on my Reservation.

Ms. ENGLISH. As I say, that was not meant to be a critical question. I just really need to understand how people feel about Indian gaming. We have been involved with testimony in Washington on the issue. There are as many factions as there are people to testify. It is a complex issue, so I appreciate your comment on that.

Mr. Chairman, thank you.

Mr. RICHARDSON. Thank you very much.

Let me ask first, Chairperson Garcia, and Lieutenant Governor Thomas, both of you have been very active on reorganization issues, and how to make the BIA more effective. You know, there has been a great deal of discussion over the years about streamlining and reorganizing the BIA. One of the proposals that is out there, in fact, which I am kind of pushing, is eliminating the area offices of the BIA, and transferring those resources to Tribes at the local level. What do you think? Is this workable?

Lieutenant Governor? What do you think of that?

Ms. THOMAS. I think it is workable. We have taken initiatives to try to force some issues to the forefront, and we get stymied through the bureaucracy. I think it is high time that was done. I believe we are capable, and that we can handle those problems at the grassroots level. I applaud your efforts. We will get behind you and push hard also.

Ms. GARCIA. Well, being on the Committee, and hearing the different situations on different Reservations, I think we would have to look at it maybe in a phased-in situation. I know there are a lot of Tribes that are as capable, but that do not have the capacity at this point in time because of other limitations. One of them is financing. A lot of the funding that does come to different Tribes comes by population, and in some cases, land-based, roads traveled, whatever, you know. Those, in itself, are not enough capital for people to develop the capabilities to administer a lot of it. So, it is going to take a lot of discussion, a lot of impact analysis. I just feel that the programs that are currently there are good, and some of them have worked, and those need to be maybe kept. If the Tribes choose to go self-government the way that it sounds that it may go, then when they are ready to take it on, then they can do it. There

will be those Tribes that cannot take it on. I also feel that there needs to be the right infusion of capital into these programs as they currently exist. There are a lot of them that are under-burdened because of staff and because of resources.

I think, if we were to concentrate on four areas, it would be the Tribe agency area, with that infusion of capital going directly to those Tribes, trust responsibility, water, and the natural resource area. Education is another one. In some areas administration is a problem. The Tribes decide to either contract out a certain function of the government, or I think the other thing would be the people that are not there. There are not capable people to fill those positions. So, you get into the problem of where the people are in the union or in the Federal program versus what you can really do. So, even then, that length of time for even some kind of streamlining initiative, would have all of these other things to look at as well. I think it is a good idea.

One that we need to really look at is tribal governments. I know the first ones to come to the table and say no about dismantling the Bureau are the Tribes. There is a lot of good reason for that too, as well; but I think, in the long run, it is something that will need to go directly to the Tribes, as long as that trust responsibility and sovereignty is maintained, and the fundamental principle of accomplishing that. I think Tribes may take a good look at it, if it is sincere.

Mr. RICHARDSON. This hearing is on economic development. The impetus of the hearing is to see how we can get more economic development.

Before I turn to Chairman Lupe, both of you mentioned Federal tax incentives—the legislation to pump up Reservation economies. I do not recall either one of you talking about enterprise zones. As you know, the legislation last year, before we adjourned, was unfortunately vetoed—in the old stimulus package we had 11 Reservations that could be eligible for enterprise zones. I wondered if either one of you had a view on which one is preferable or both. Some claim that enterprise zones may not work on the Reservation—that those 11 would probably be the bigger Reservations. Smaller tribes could not participate. Do you have any thoughts on that, Lieutenant Governor?

Ms. THOMAS. Mr. Chairman, I sit on the Enterprise Zone Board for Pinal County, which is also in very dire straits. As you know, Pinal County, which is also in very dire straits. As you know, Pinal County is one of our poorest counties in the State of Arizona. In trying to work that out, we find it very difficult because bigger cities tend to compete on a very aggressive basis. Usually, those that do not have the resources to compete with the larger cities, in our particular case, it is Casa Grande. They get all of the businesses because they are in an enterprise zone. For Reservations and smaller towns, we find it very hard, because we just do not have the resources to make a public involvement effort, or public relations effort, in this area. That is our situation.

Mr. RICHARDSON. Thank you.

Ms. GARCIA. I know we supported H.R. 11. I think there were some changes made where it would extend it to 50—or I cannot remember what the amount or the number was. I think you men-

tioned 11. I know there was some talk about extending that so more Tribes can participate. I think that it is urgently needed, and that these incentives are necessary for us, because of dual taxation, and also the infrastructure development—the need for that on the Reservation is really great.

Mr. RICHARDSON. Thank you.

Ms. GARCIA. That is part of our testimony.

Mr. RICHARDSON. Chairman Lupe, I was very struck by your statement about fish and wildlife and the role of the Tribe. As you may know, our Committee is developing legislation to improve tribal fish and wildlife management. Do you have any thoughts on what that legislation should include? Obviously, besides resources, we have noticed that you have had a lot of experience with fish and wildlife with the BIA at White Mountain. What would your advice be? How should this legislation be developed?

Mr. LUPE. Here, again, we are involved in natural resource development. Our Reservation consists of over 700 miles of stream, fishing, and 29-lake development on our Reservation, manmade for all fish and recreation.

Legislation should be developed, if it would impact Indian Reservations, to protect the resources, to make sure that there was a trust protection for this development. The autonomy must remain with the White Mountain Apache Tribe or Indian Reservations wherever they are. There must be money for continuous development. We have two fish hatcheries on our Reservation with the United States Fish and Wildlife. They must be given an opportunity, either to the Tribe, to those operations, to make sure that there is continuous stocking of streams on our Reservations. There must be some arrangements that there must be continuous fisheries on our Reservation, and an understanding that the White Mountain Apache Tribe wishes to remain with the land, the land being very sacred, pristine.

The ecologists on my Reservation, we are natural environmentalists. We are very much concerned what happens to our land. To make sure of the water development on our Reservation, we also are in dire need of infrastructure development, requiring water to go into housing, to go into industry. We are also involved in the minor flat dam development for a very long time. Because of the endangered species block, it is a continuous conversation with U.S. Fish and Wildlife. We have not gone far ahead with that.

Money? We need money for water development on our Reservation.

Mr. RICHARDSON. Now, Mr. Chairman, my last question. Now that you are developing the fish and wildlife resources, the spotted owl issue obviously comes into play. When some of this clear-cutting took place on your Reservation, as I understand it, that was under BIA management—that was not under tribal management.

Mr. LUPE. We have a unique relationship with the Bureau of Indian Affairs Forestry Management. They do have the recommendation to the White Mountain Apache Tribe for clear-cutting. We experienced that that was wrong. We have stopped that some years ago—a very long time ago. Even though the Bureau of Indian Affairs continued to recommend 90 million board feet annual cut on our land, we have stopped that. We have stopped using their rec-

ommendation. In spite of their recommendation, we have intentionally reduced it to 68 million, so that that pristine resource will remain, so that the next generation, those yet unborn, will enjoy the same scenery that I am enjoying today. I do not know where they get their management tools from. I do believe that the answer lies here on where we sit. I see pools, water is dancing all over this valley. Where do they come from? They are from my Reservation. Maybe that is the reason why.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Gentlelady, do you have any further questions?

Ms. ENGLISH. I want to thank the panel members very much.

Mr. RICHARDSON. Did you want to say something?

Ms. GARCIA. I just wanted to make one comment also. I think all the Tribes' properties—regardless of where you are at—most of it is in trust property that is subjected to the NEPA and NRNA. We have experienced numerous hurdles and delays, and if you trigger a Federal action, you are subject to NEA or NEIS, so it does not matter what your development is.

Mr. RICHARDSON. Thank you.

Ms. GARCIA. It is cumbersome and it is really frustrating.

Mr. RICHARDSON. Chairperson Garcia, this is not a question. As you know, I have a bill that addresses the *Cotton Petroleum* issue. We developed this bill with the Navajo Tribe and other tribes that would provide a federal tax credit for tribal taxes paid, to avoid the dual taxation of businesses on Indian Reservations.

Ms. GARCIA. Right.

Mr. RICHARDSON. That was one of your concerns?

Ms. GARCIA. Right. It is.

Mr. RICHARDSON. I want to thank this panel for some very very outstanding testimony. We appreciate it very much. We would like you to continue communicating with the Subcommittee. Thank you very much.

Our second panel is the Hon. Peterson Zah, President of the Navajo Nation, Window Rock, Arizona; the Hon. Vernon Masayesva, Chairman of the Hopi Tribe. Gentlemen, welcome to the Subcommittee. As you all know, your full testimony will be inserted in the record. I am very pleased that our staff, besides having substantive expertise, has language expertise. I am being corrected on all of my pronunciations. I apologize to all of you.

Why don't we start with President Zah. Welcome. We appreciate the effort and leadership you have given to Indian country, and to the Interior Department and to the Congress over the years. I like to claim you as New Mexican, but obviously, you have to be careful. So, I would ask you to please proceed.

PANEL CONSISTING OF HON. PETERSON ZAH, PRESIDENT, NAVAJO NATION, WINDOW ROCK, AZ; AND HON. VERNON MASAYESVA, CHAIRMAN, HOPI TRIBE, KYKOTSMOVI, AZ

STATEMENT OF PETERSON ZAH

Mr. ZAH. Thank you, Mr. Chairman, and members of the Committee, staff, tribal leaders that are here at this meeting. I would like to submit for the record a full text of what we wanted to present to this Committee.

Then what I would like to do is just simply highlight some of the things that are in the prepared statement.

As I understand it, this Committee is gathering information on possible legislation that the Committee may want to entertain when it comes down to rural development on Indian Reservations. I think there are some guiding principles that we need to suggest to the Committee if that is to take place. Those principles are, first, the Government-to-Government relationship that we have with the Federal Government. We cannot abandon that, because it is so important to the Indian people that we maintain that degree of sovereignty that each Indian Tribe enjoys on their land.

Second is one of Federal trust responsibility to the American Indians. Somehow, when you are working with the Federal Government, people have this notion that we only have a Government-to-Government relationship with the BIA. I think there needs to be an attitude change on the part of many of the Federal officials that we have a Government-to-Government relationship, and they have a trust responsibility with all other Federal agencies, not just simply the Interior Department, the BIA.

The last principle is something that I think you are looking for that we like to suggest. Any kind of a successful rural development requires the simultaneous and a coordinated provision of the needs of base allocation of technical and financial assistance for the following five areas. One of them is what we would call a legal infrastructure. When I say legal infrastructure, one that comes to mind right away is double taxation. Mr. Chairman, I wanted to thank you for taking up the issue with us, because we have to eliminate double taxation, particularly on the Navajo, where you have non-Indian businesses that operate on their land, but still being taxed by the state government, as well as the Navajo government. That has to be dealt with. As you know, that comes as a result of the *Cotton Petroleum* Supreme Court case.

The second one is the elimination of states as a middle person, as a middle man, when we are getting Federal grants to our Indian Tribes. I think there should be a direct grant to the Indian Tribes that we are going to develop our rural communities, rather than see a lot of those funds going through the state and then, from the state Government and through the counties who are receiving those resources. So, that is number one.

Number two, financial and economic infrastructure to me is really really important. You asked the question of the first panel about the enterprise zone. I have problems with enterprise zones. Let me tell you why. If you have an enterprise zone, suppose a zone is being given to the State of Arizona, for example, and part of that zone touches an American Indian Reservation, and if you go out and ask the business to come into that zone to develop economically, they are going to go first to where some infrastructure is already in place. That is they go to the cities, because they have electricity, they have highways, they have decent roads, they have all of these basic things that they need—buildings. As a result, they are going to choose to go to part of that zone where it is already developed—infrastructure is already in place. They are not going to go to the Indian Reservation, because we lack infrastructure. So, I have problems with enterprise zones.

A better idea to me is the Indian Employment and Investment Tax Credit. You could serve more Indian Tribes through that legislation. Because, as Indian leaders, what we could do is we would use the investment tax credit and the employment as incentives to go to business and entice those businesses to come to our Reservation. So, basically, I think that is a better deal than the enterprise zones.

Community banking facilities are also needed. On the Navajo, we have got banking needs, and we are working very hard to develop that.

The other one that I would like to just mention is natural resources conservation. About a year ago, we decided that we are going to have a meeting on basically how we can develop our water. So, I called in all of the agencies that had anything to do with water. Eleven Federal agencies showed up, and those are on the Navajo. They have a little piece of the pie here and there. So, as an administrator, and as a president or a chairman of an Indian Tribe, you had to pull them all together to try to make sense of what they have. So, if there is going to be legislation developed to do rural development you have to look at the existing laws to see what Federal agencies have a little piece of what you want done. That is very, very frustrating. It seems to me that we need to really concentrate on that.

The other one is education and training. On the Navajo, what we want to do is to develop our own Department of Education, similar and analogous to the State Department of Education. We have 7,200 Navajo kids that are school-aged. On that Reservation, you have public schools, you have BIA schools. You have border town schools. You have the mission schools. You name the churches, they are on the Navajo—any kind of church schools.

What we would like to do is put all of that educational system under one head, under one department and then have the Federal Government be able to give direct grants from the Federal agency to the Navajo Nation to do our own educational programs and not have to deal with the states. We are in a unique location upon the Navajo where, if you have a public school system from the New Mexico side, the State of New Mexico always wants to teach the Navajo kids what they think is important for the State of New Mexico and impose it on our Navajo kids that are on the New Mexico side of the Reservation. The State of Arizona does the same thing. The State of Utah does the same thing. So, what we have is a mass confusion of what we are really suppose to be learning. I would like to see during my lifetime a situation where the Navajo parents and the Navajo—in conjunction with the Navajo Government—they decide what the kids should learn on that Reservation.

So, basically we are asking the Committee to take a look at some of the existing legislation. If there is a need to develop that legislation, after all of this information have been gathered, then we would like the full support and funding for some of those programs that we are trying to promote. As I understand it, at one time, the honorable representative, Ms. English here, was asking me about how do we bring money into the rural areas so that they can develop that tax credit. It is a perfect tool to use to go after the pri-

vate businesses to do that—where we do not necessarily have to use much of our own money.

So, Mr. Chairman, that is the extent of my verbal presentation. Thank you.

[Prepared statement of Mr. Zah and supplemental testimony of the Navajo Nation, follows:]

TESTIMONY OF THE NAVAJO NATION
BEFORE THE
SUBCOMMITTEE ON NATIVE AMERICAN AFFAIRS
HOUSE COMMITTEE ON NATURAL RESOURCES
FIELD HEARING ON
INDIAN RURAL DEVELOPMENT

Scottsdale, Arizona
April 8, 1993

INTRODUCTION

Mr. Chairman Richardson, Congresswoman English and Members of this Subcommittee, the Navajo Nation appreciates this opportunity to offer comments on the specific needs for rural development on the Navajo Nation. My name is Peterson Zah. I am President of the Navajo Nation. I am pleased to convey the following preliminary comments and recommendations to this Subcommittee. The Navajo Nation will supplement this testimony with detailed and specific additional recommendations. Today I will outline the major features and characteristics of rural development needed in the Navajo Nation and throughout Indian country.

The Navajo Nation holds sovereign jurisdiction over nearly 18,000,000 acres within the states of Arizona, New Mexico and Utah. Our lands are equal in size to the state of West Virginia, and include about one-third of all Indian lands in the lower 48 states. Our rural development needs are commensurately vast and diverse, as this testimony will outline.

DEFINITION OF RURAL DEVELOPMENT

It is our understanding that successful rural development must: provide for simultaneous and coordinated needs-based allocations of technical and financial assistance for the interdependent development of natural resources conservation, management and sustainable development; of rural physical infrastructures; of financial and economic infrastructures; of social, health and welfare needs, with particular attention to the empowerment of rural family and community cooperation; and of education and training infrastructures.

Further, we understand that it is the primary responsibility of government to provide for the essential infrastructures which altogether constitute the foundation for rural development. These infrastructures -- including legal, natural resources, economic, physical and educational -- may be compared to the foundation of a house. Once that foundation is in place, then the walls can be built and the rooms occupied through a continuing partnership of public and private sectors.

MAJOR RURAL DEVELOPMENT ORGANIZING PRINCIPLES

Sovereignty

The Navajo Nation, and other American Indian governments, are sovereign; they have the right to self-governance; and are entitled to deal directly with federal agencies through direct government-to-government relationships. The corollary to these basic principles is that the federal trust responsibility to Indians is shared by all federal agencies equally -- it is not the special province of any one agency, like the Bureau of Indian Affairs.

Integration and Coordination

In addition, successful rural development will only occur if efforts of all contributing parties are integrated and coordinated. Lack of integration of planning and implementation by diverse agencies leads to such situations as housing projects being built where there is a lack of water, or power, or roads, or other infrastructure for essential complementary economic development.

The Navajo Nation recently convened a coordination meeting of federal agencies involved in water resources. Eleven agencies were represented -- and these certainly were not all that should have participated. Similarly, the Small Business Administration's 1991 Guide to Federal and State Resources for Rural Economic Development lists over eighty (80) separate programs in eleven distinct federal Departments -- all offering bits and pieces of technical and financial assistance for rural development.

It is not too surprising that Indian governments -- and other relatively small rural communities and governments -- are either not aware of the assistance available, or if they are aware, are so bogged down in red tape from their first or second applications for assistance that they never tap into what is available -- or even come to grips with how to coordinate all those programs.

Therefore, it is virtually impossible to plan, design and implement a comprehensive multi-year rural development program when there exists such endemic fragmentation and lack of coordination among the federal rural development agencies and programs.

Watershed Resources Management

The foundation of rural prosperity in Indian country is the wise and sustainable restoration and development of water and land resources. Rural watersheds -- encompassing forests, wildlife and fish, scenic recreation and cultural areas, rangelands and grazing, irrigated farm lands and farm communities, and all resources-based interdependent economic enterprise and social functions -- are the logical unit for planning and implementing integrated approaches to rural development.

At the close of the twentieth century we are all too aware of the consequences of managing natural resources and their dependent human activities as though each were occurring in a vacuum. Downstream people and communities pay the price for upstream activities which imbalance or contaminate entire ecosystems. The Navajo Nation is committed to wholistic ecosystem approaches to natural resources management.

LEGAL INFRASTRUCTURES NEEDED

A variety of legal and regulatory obstacles constrain Indian self-governance and related rural development initiatives. Some of these obstacles are set forth in the table below.

Legal Infrastructures Needed	Some Legislative/Funding Opportunities
a. Tax Codes, Standards, Regulations, Policies, Procedures and Manuals	<ul style="list-style-type: none"> * Repeal Cotton Petroleum * Prohibit "double taxation" by states of non-Indian businesses on Indian lands; * Readopt the Indian employment and investment tax credits passed by Congress in last year's vetoed tax bill; * Authorize Indian inclusion and participation in OPIC * Overturn energy tax waivers
b. Land Use, Natural Resources, and Environmental Protection, Management, and Sustainable Development Codes, Standards, Regulations, Policies, Procedures and Operating Manuals.	<ul style="list-style-type: none"> * Overhaul of Tribal Codes * Overhaul of 25 CFR * Permanent Self-Governance legislation * fully fund the Indian title of the 1992 National Energy Act * 1991/92 Indian Environmental Acts (appropriations needed)
c. Economic and Business Development Codes Standards, Regulations, Policies, Procedures and Operating Manuals.	<ul style="list-style-type: none"> * Complete overhaul of 25 CFR * Permanent Self-Governance legislation
d. Direct government-to-government funding from all federal agencies	<ul style="list-style-type: none"> * Eliminate state "middlemen" and authorize across-the-board "Treatment as Governments"

PRIVATE SECTOR INCENTIVES

Comprehensive rural development has been historically and will be in the future largely stimulated by direct governmental programs, policies and funding. However, government alone can only go so far. In order for rural development initiatives to succeed, the private sector likewise must be stimulated and engaged to become active participants in the process.

Toward that end, the Navajo Nation recommends that the Subcommittee -- collectively and as individual House members -- lend their strong support to the "Indian Employment and Investment" tax credits that Congress passed last October as Sections 1131 and 1132 of H.R. 11, the vetoed tax bill.

The identical Indian country tax credits have been re-introduced as H.R. 1325 by Chairman Richardson (and as S. 211 by Chairman Inouye and Co-Chairman McCain of the Senate Committee on Indian Affairs). We strongly urge the Subcommittee and its Members to:

- * co-sponsor H.R. 1325;

- * urge Treasury Secretary Lloyd Bentsen as soon as possible to include these Indian country tax credits in the Administration's upcoming tax legislative initiatives;

- * advise Chairman Dan Rostenkowski and Members of the Ways and Means Committee of the urgent need to include the Indian country tax credits in the 1993 legislation to be reported by that Committee.

These incentives have been sought by Indian country for over a decade, because they can help tribal leaders -- at reservations in 32 states across the country -- overcome the traditional barriers to Indian rural economic development, including massive deficiencies in physical infrastructures, "double taxation" by the states, and related problems.

The complementary Indian employment and investment tax credits are far preferable to: (1) a limited Indian enterprise zone proposal, which would help only few tribes; and (2) overall nationwide incentives (such as a small business investment tax credit) which would not provide a higher percentage credit for Indian country -- the "Indian differential" -- to help mitigate the unique obstacles Indians face in attracting new business to their reservations.

NATURAL RESOURCES CONSERVATION AND MANAGEMENT ASSISTANCE

The natural resources base is the foundation of rural prosperity and well-being. Too often the health and productivity of natural ecosystems in rural areas has declined due to immoderate exploitation aggravated by inadequate investments into proper management. Indian communities and governments have enormous unmet needs for coordinated attention to assessment of resource conditions and trends, and for natural resources planning and incremental project development. Watersheds are the logical units for organization and focus of efforts. Some particular examples are:

- * Indian communities and governments need assistance for the development of full sovereign control, through Indian resources management codes, standards, regulations, and enforcement capabilities.

- * Indian communities and governments need assistance to remove barriers to their participation in Public Law 83-566 (the Small Watershed Protection Act) programs now largely inaccessible due to the lack of U.S. Department of Agriculture (USDA) Soil Conservation Service technical staff to accelerate planning assistance to Indians. P.L. 83-566 is chosen as a model because it already authorizes a wide range of rural development activities -- but has virtually not been applied at all on any Indian lands in the United States. P.L. 83-566 should be used as a template to clarify, organize and coordinate rural development efforts of other federal agencies.

Federal investments into the management and development of Indian natural resources are currently about 25% of levels of investment into federal-administered lands (Forest Service, Bureau of Land Management). Indian governments and communities are faced with the urgent need to catch up with the rest of rural America, to make up the enormous rural development deficit we face. Many statutory and regulatory barriers could be removed simply by the explicit inclusion of Indian governments in authorizing legislations for the USDA and other federal agencies. The Navajo Nation will provide the Subcommittee with more detail on these opportunities in the near future.

RURAL PHYSICAL INFRASTRUCTURE

As in the case of natural resources, federal investments into Indian rural physical infrastructures continue to be far below levels of investment into other rural areas. Indian rural physical infrastructure needs include but are not limited to: roads, housing, power, telecommunications, water, and waste disposal.

Comprehensive rural physical infrastructure needs assessment or planning have never been conducted on Indian lands or with Indian communities and governments. In the era when the USDA-Farmers' Home Administration (FmHA) was providing rural development planning grants, Indian tribes were unaware of such opportunities. Now that Indians are beginning to turn to the USDA, Congress is no longer appropriating funds for area planning or comprehensive rural development planning.

The USDA is the Congressionally-mandated lead federal agency for rural development. We must work together to realize this mandate for Indian tribes as well as for the rest of rural America. We need to streamline Indian access to Rural Development Administration (RDA)/FmHA programs of all kinds, especially water and waste disposal system funding. Policy direction is needed to get local and regional USDA staff to become a part of the rural development solutions sought by Indian people and governments. For example, it would be very useful if the USDA-RDA would make available their own staff (perhaps through Interagency Personnel Agreements) to help Indians organize for rural development, and to access and integrate the bewildering diversity of federal rural development programs.

Many other federal agencies have important roles to play in rural development: Housing and Urban Development/Community Development Block Grants; Health and Human Services/Administration for Native Americans; Commerce/Economic Development Administration and Small Business Administration; Indian Health Service, even the Bureau of Indian Affairs. These agencies and programs must be coordinated into comprehensive frameworks which are designed and specified by Indian communities and governments. Too much time and extraordinarily scarce Indian resources are spent simply trying to figure out various federal bureaucracies; this is not cost-effective.

The Navajo Nation recommends that explicit needs-based allocations be consolidated among federal agencies and targeted to Indians for multi-year phased programs of planning and building required infrastructures -- in close integration with other aspects of overall rural development. Some opportunities for this are given below.

Physical Infrastructures NeededSome Legislative/Funding Opportunities

a. Water: Storage Reservoirs and Distribution Systems	<ul style="list-style-type: none"> * Bureau of Reclamation (43 USC 422); * Soil Conservation Service (16 USC 1003)
: Domestic, Municipal, Industrial and Commercial	<ul style="list-style-type: none"> * Rural Development Administration (7 USC 1923-1944 et seq) * Rural Development Administration (7 USC 1923-1944 et seq) * IHS appropriations
: Irrigation and Conservation	<ul style="list-style-type: none"> * Bureau of Reclamation (43 USC 422); * Soil Conservation Service (16 USC 1003)
b. Housing	<ul style="list-style-type: none"> * HEARTH authorization * Increase HUD Mutual Help Units * Leverage USDA Farmers Home Administration housing loans, through loan guarantee capability * Authorize Mortgage loan authority (Navajo "GNMAE")
c. Power	<ul style="list-style-type: none"> * Increase participation in USDA Rural Electrification Administration * fully fund 1992 Energy Act provisions for solar and alternative energy development/utilization on Indian lands
d. Waste Disposal	<ul style="list-style-type: none"> * Rural Development Administration (7 USC 1923-1944 et seq) * IHS Appropriations
e. Roads and Bridges	<ul style="list-style-type: none"> * Funding from Highway Trust Fund, BIA; also Indian inclusion in any new Infrastructure legislation
f. Telephone/Fiber Optics	<ul style="list-style-type: none"> * Increase participation in USDA Rural Electrification Administration
g. Community Facilities, including Industrial/Business/Research Parks	<ul style="list-style-type: none"> * Rural Development Administration (7 USC 1923-1944 et seq)
h. Parks/Recreation/Tourism Facilities	<ul style="list-style-type: none"> * Amend Land and Water Conservation Fund (16 USC 4601)

FINANCIAL AND ECONOMIC INFRASTRUCTURES

American Indians have never been full participants in the various rural economic infrastructure development programs made available to the rest of the country. For example, rural development would not have succeeded in the United States without the federal agricultural credit system -- which was initially capitalized by the federal government, and is now completely owned by rural producers. An analogous system is needed for Indian tribes.

The Navajo Nation recommends the federal capitalization of an Indian-designed Indian rural capital and credit system, functionally similar to the system of federal land banks, intermediate credit banks and production credit associations. Also, federal assistance is needed to capitalize Indian revolving loan funds, rural enterprise incubators, and enterprise zones with attendant investment and employment tax credits. Critical to the success of any of these is full provision of expert and sufficient technical assistance in enterprise development, management and marketing.

Some specific opportunities for federal assistance to Indian economic and financial infrastructure development are given below.

Financial Infrastructures Needed

Some Legislative Opportunities

- a. Rural community banking facilities, including capabilities and provision for:
 - leveraging outside private investments;
 - mortgage loan authorities;
 - production, consumer and business loans;
 - loan guarantees;
 - technical assistance for enterprise management and marketing;
- b. Industrial revenue and business development bonding capability
- c. Business incubators and revolving loan funds

- * Authorize inclusion in and capitalization by federal federal rural credit/finance system
- * Capitalize revolving loan fund (1990 Farm Bill Section 2313)
- * Strengthen Community Reinvestment Act
- * Authorizing legislation
- * Amend existing authorizations to facilitate Indian access

The Navajo Nation notes that the Navajo economy today could be described as "colonial": we export our raw materials and buy back finished products which we could be producing ourselves for internal and external markets. Achievement of the Navajo Nation's full rural economic development potential depends on a coordinated and comprehensive development approach based on the sustainable development of natural resources through Navajo ownership and operation of vertically-integrated value-added enterprises. The Navajo Nation is actively pursuing possible outside joint venture partners and various tax credits as means to capitalize such enterprises. Examples of possible Navajo natural resources-based vertically-integrated rural economic activities include:

- * oil, gas, coal, limestone and clay mineral exploration, production, processing, secondary manufacturing, distribution and marketing;
- * manufacture, distribution and marketing of renewable energy and other environmental technologies, including: photovoltaics (solar electricity); wind energy systems; biomass energy systems (ethanol and methane fuels); energy-efficient heating, lighting, and industrial motors; energy-efficient construction designs and materials; pollution control methods and technologies; and remanufacture of recycled products;
- * cultural and natural resources-focused tourism, through development of adequate facilities and interpretive services for outdoor recreation;
- * value-added forest products including construction materials, furniture, and a great variety of other wood products from raw timber; and
- * processing, secondary manufacturing, distribution and marketing of crop and livestock products including value-added wool and leather goods, meat; and fresh, sun-dried and otherwise processed corn, melons, squashes, chile, alfalfa, fruits and nuts.

EDUCATION AND TRAINING INFRASTRUCTURES

This essential component of successful rural development is discussed last, not because it is of least importance but precisely because it underlies and is critical to the success of every component previously discussed.

Indian communities are chronically and critically short of the skilled professional and technical personnel needed to plan and implement all aspects of rural development: natural resources management, infrastructure planning and development, economic development, social and health services.

The BIA education system -- which started with the US Army rounding up Indian children -- is among the worst in the country. Indians need the means to redevelop and rebuild their own educational systems, grounded in their languages and cultural values and targeting Indian-defined needs.

There is a model which has proven enormously beneficial for the rest of the United States -- the Land Grant Institute system, which includes not only the 50 states, but also the historically Black colleges and universities, and the very small land areas of Guam, Puerto Rico, the Virgin Islands, and even Washington DC. Yet Indian people, by comparison, with 50 million acres in the lower 48 states and economies nearly entirely dependent on natural resources, are not well served by the existing Land Grant Institute system.

It is time that Congress afford Indian people the same rural education, extension and research benefits afforded the rest of the rural United States -- on Indian terms. The Navajo Nation recommends that the proposed Indian Rural Development Bill include authorization for the establishment of an Indian Land Grant Institute analogue. The Indian "Land Institutes" should be built onto existing Indian community colleges, and must provide for the development of four year and graduate programs in all natural resources, rural development, and associated economic development and business fields.

The corollary to this is Indian control over primary and secondary education. Not under state control nor BIA control. Under full Indian control -- financial, curricular, teacher accreditation. Indians must be allowed to develop the educational systems we need to transmit our knowledge and culture from generation to generation, informed by the best the outside society has to offer. Some specific opportunities for federal assistance to Indian educational infrastructure development are given below.

Educational Infrastructures Needed * Some Legislative/Funding Opportunities

- a. Sovereignty
 - * Authorize and fully fund Navajo Nation Department of Education, to consolidate all state and federal programs;
 - * Eliminate BIA from any further role in Indian education
 - * Get full control over and funding for all "formula" allocations
 - * Authorize and fully fund comprehensive Navajo teacher training and preparation in all educational fields
 - * Full funding for Native Languages Act
- b. Early Childhood
 - * Provision for adequate Day-Care
 - * Authorize expansion including construction of Head Start/Pre-School facilities and programs
- c. Mid-School
 - * Reauthorize and fully fund Elementary and Secondary Education Act
- d. Advanced
 - * Authorize and fully fund four year Navajo Land Institute (possibly on NCC foundation) along general model of the national Land Grant Institute system, with provision for classroom education, field extension, applied research and development in all natural resources management and related economic development fields, with emphasis on production, processing, manufacturing, marketing and enterprise management for:
 - energy minerals
 - environmental/renewable energy technologies
 - agriculture/livestock and forestry
 - planning and construction of all needed infrastructures
 - * Full funding for PELL grants and scholarship programs
- e. Informal/On-the-Job Education/Training
 - * Authorization and full funding for Museums and Libraries
 - * Authorization and full funding for internships and cooperative education opportunities in relevant federal and private sector agencies
 - * Authorization and full funding for industry-specific enterprise "incubators" (eg, through USDA-RDA in 1990 Farm Bill Sections 2341-48) with emphasis on vertical integration of energy, environmental, agriculture, livestock and forest industries.

In conclusion, Mr. Chairman and Members of this Subcommittee, the Navajo Nation looks forward to working with this Subcommittee and others to develop legislative initiatives and appropriations measures to address in a comprehensive and effective fashion the long-unmet needs of Indian communities and governments for successful rural development. Thank you.



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SUPPLEMENTAL RESPONSE AND TESTIMONY
OF
THE NAVAJO NATION
TO THE
SUBCOMMITTEE ON NATIVE AMERICAN AFFAIRS
HOUSE COMMITTEE ON NATURAL RESOURCES
HEARING ON
INDIAN RURAL DEVELOPMENT

April 22, 1993

SUPPLEMENTAL RESPONSE TO QUESTIONS RAISED BY THE SUBCOMMITTEE

Below are the responses from the Navajo Nation to key questions raised by Congressman Bill Richardson and Congresswoman Karan English during the House Subcommittee on Native American Affairs Field Hearing on Indian Rural Development, in Scottsdale, Arizona, on April 8, 1993.

QUESTIONS RAISED BY CONGRESSWOMAN KARAN ENGLISH:

Extension of Technical Assistance in Natural Resources Fields

Question: How should the federal government extend technical assistance in natural resources fields to Indian tribes, given the general lack of expertise within the BIA?

Answer: As indicated in our previous testimony, Indian communities and governments have enormous unmet needs for coordinated attention to assessment of resource conditions and trends, and for natural resources planning and incremental project development. There is an enormous wealth and diversity of technical expertise in natural resources and other rural development fields within various federal agencies. This expertise would benefit Indian tribes more directly if:

- (A) the federal agencies in question were mandated by Congress to target provision of technical assistance and training to Indian tribes, through Interagency Personnel Agreements, internships, and other mechanisms;
- (B) Indian tribes were enabled through direct appropriations to contract with public or private sector agencies for needed technical assistance; and
- (C) the proposed Indian Land Grant Institutes were authorized and fully funded.

Inclusion in Education Reauthorizations

Question: The Education Committee, of which Congresswoman English is a member, is now dealing with reauthorization of elementary and secondary education legislation. Congresswoman English proposes to include Indian tribes in the new reauthorization language, to be treated the same as others, i.e., to elevate the status of Indian education and to provide for standards and similar educational infrastructures. What are your thoughts on this - and what about authorizing tribes to have their own school districts?

Answer: Indian tribes should be extended - - on a direct government-to-government basis - - the option to assume the same powers, authorities and responsibilities enjoyed by the States, the Pacific Islands and other U.S. territories and possessions, to plan, design and conduct their own value- and culture-based

education programs at all levels. This is especially true for the Navajo Nation, which spans twelve counties across three states, and encompasses almost one-third of all Indian lands in the lower 48 states. The Navajo Nation's vast size and jurisdictional uniqueness has resulted in a counterproductive educational framework characterized by disparate authorities at distant locations overseeing separate programs for distinct segments of the Navajo student population. True educational self-determination, and the fulfillment of the principles underlying the Indian Self-Determination and Education Assistance Act, the Tribally-Controlled Schools Act of 1988, the Native American Languages Act, and related laws, can best be achieved by authorizing the Navajo Nation to assume responsibility for all education programs located on lands within the sovereign jurisdiction of the government of the Navajo Nation.

It is essential for Indian tribes to have the kind of authority that Congresswoman English suggests; for Indian tribes to assume primary authority over their own educational systems, with the cooperative support from surrounding states and the federal government. The Navajo Nation encourages and supports the concept of authorizing Indian tribes to take the lead to direct, strengthen, and enhance the quality of Indian education services. If Congresswoman English is suggesting that the tri-state responsibility of guiding Navajo educational services be replaced with a central tribal education department without eliminating the responsibility of local school boards, districts and state/federal funding, then we encourage the new authorization language to include such provisions. The educational services for Indian people will be stronger and more effective when served by their own government with direct regulatory authority and responsibility.

Multi-County/Multi-State Jurisdictions

Question: What would the Navajo Nation recommend to deal with the three-state jurisdictional tangle surrounding delivery of education programs to the Nation?

Answer: Many Indian tribal jurisdictions extend over portions of several counties and in some cases, portions of several states (for example, the Navajo Nation overlaps twelve counties in three states). Specific provisions must be made in Indian rural development legislation to facilitate the realignment of federal agency program delivery systems with Indian tribal jurisdictions, where such jurisdictions are not consistent with the conventional county or state alignments.

The sovereign right to self-governance of Indian tribes whose lands and jurisdictions overlap multiple counties and/or states must be specified and strengthened by Congress. Congress must affirm the jurisdictional doctrine of "Indian Country", which recognizes the right of Indian tribes to govern all lands within their exterior boundaries. "Indian country" is defined pursuant to 18 USC §1151 and applies to criminal and civil jurisdiction. Congress must provide Indian tribes with the regulatory and enforcement capabilities and tools needed to exercise full jurisdiction.

Most federal agencies have not oriented their program delivery systems to the particular political and logistical realities of Indian jurisdictions. Congress must

provide federal agencies with the operational and organizational flexibility to adapt to the particular jurisdictional parameters of specific Indian tribes - - and Congress must mandate that such adaption be implemented.

Rural Economic Development Grants and Loans Program

Question: In Arizona, Congresswoman English obtained passage of a bill to establish a rural economic development grants and loans program. Might this same concept be applied nationally?

Answer: The Navajo Nation does not have the legislation regarding Congresswoman English's rural economic development grants and loans program. We will be happy to report back to the Subcommittee in the future regarding this issue if the staff could provide a copy of the above stated legislation to the Navajo Nation.

QUESTIONS RAISED BY CONGRESSMAN BILL RICHARDSON:

"Indian Employment and Investment Tax Credits" vs. Enterprise Zones

Question: How do "enterprise zones" compare to tax credits, as means to stimulate economic development?

Answer: Although enterprise zones are useful tools to promote economic development in historically-distressed areas, proposals currently under consideration for a national enterprise zone program are woefully inadequate for Indian country because: (1) very few Indian tribes could participate, and (2) even those Indian reservations selected as zones would not benefit from their selection.

The Clinton Administration is considering legislation to establish 50 enterprise zones, of which 5 (reportedly) would be mandated for Indian reservations. While such a limited Indian enterprise zone proposal could possibly help a very few tribes, it would dash the hopes of the many other reservations around the country which were not selected as zones, and whose people would not benefit at all. Thus, for all of those reservations not selected, an Indian enterprise zone approach would leave unabated the pervasive poverty and high unemployment that have perpetually defined life on those reservations.

Moreover, even those reservations that might be selected as zones under a limited Indian enterprise zone approach would be unlikely to benefit. Due to Indian country's massive infrastructure deficiencies, "double taxation" by the states and related problems, Indian reservations simply cannot compete for new investment and jobs with even the most economically-distressed inner cities and other non-Indian communities. In other words, given the choice, new business would in almost all instances opt to locate in non-Indian areas to avoid the unique difficulties that are inherent in locating on reservations. Accordingly, Indian enterprise zones offering the identical incentives as non-Indian rural zones would remain unable to compete on anything close to a level playing field.

In addition, we note that the types of incentives which we understand would be available in enterprise zones are more likely, as a general matter, to promote small business investment. Indian country would welcome small business investment. However, with 56% average unemployment, Indian country could benefit greatly from labor-intensive, larger-scale new business investment which is likely to involve new facilities of existing large enterprises. The Indian country tax credits, while available for new small business, seek to attract labor-intensive, manufacturing operations as well.

Finally, the Indian country tax credits offer the distinct advantages of being easy to understand and simple to administer, and they do not entail the creation of a new governmental bureaucracy. The cost to the federal government is relatively modest (\$181 million over a five-year period according to the Joint Committee on Taxation in 1992), and increased federal revenues from increased employment should render these incentives, at worst, revenue neutral.

Last year, Congress wisely opted for a legislative response that fit the problem, recognizing that the nationwide tragedy of Indian unemployment (averaging 56% at reservations across 32 states) warranted a nationwide program to address it. Thus, Congress passed Sections 1131 and 1132 of the "Revenue Act of 1993" (i.e. H.R. 11, the tax bill which President Bush subsequently vetoed) - - adopting the Indian country tax credits in lieu of a Senate Finance Committee proposal that would have created enterprise zones on just ten reservations. The Indian country tax credits can potentially benefit all of Indian country and, as a result, enjoy strong support from tribes across the nation.

Again, the Navajo Nation strongly urges the Members of the Subcommittee - individually and collectively - - to take the time as soon as possible to advise the Administration (e.g., Treasury Secretary Bentsen) and Chairman Rostenkowski of the Ways and Means Committee of their strong support for this proposal. As in 1992, the "Indian Employment and Investment" tax credits should be adopted in lieu of inadequate - - and ultimately ineffective - - proposals to create enterprise zones at only a very few Indian reservations.

Improvement of Natural Resource Management

Question: What should be included in legislation to improve Indian management of fish and wildlife, and other natural resources?

Answer: Indian tribes have the sovereign right and responsibility to conserve, protect, manage and provide for the sustainable development of all Indian natural resources. Federal laws which deny, limit or ignore this right must be amended. Congress must provide (through the Indian Land Grant Institutes) for the education and training, research and field extensions so critically important to the successful planning and conduct of any natural resources or rural development programs.

In addition, Congress must authorize and enable Indian tribes to develop their own culture-based comprehensive legal infrastructures - - management codes and plans, standards, regulatory and enforcement program capabilities - - without which Indian sovereign management of their own natural resources will not be

realized.

Double Taxation

Question: With reference to legislation dealing with the dual (state and tribe) taxation issues, will legislation address tax credits for tribal or state taxes?

Answer: On the question of whether the tax credits to be provided under the "double taxation" legislation should address tribal or state taxes, the Navajo Nation requires additional time to study the issue. At this time, however, we would suggest that the Subcommittee may wish to consider a different alternative - - federal pre-emption of all state taxation on Indian reservations. This approach presumably would be easier to administer, would result in significantly less federal revenue losses, and would be far more consistent with the sovereignty of Indian tribal governments and their government-to-government relationship to the federal government.

Other Tax Initiatives

Question: Apart from the reintroduced H.R.1325, does the Subcommittee need any other creative economic initiatives in the area of taxes?

Answer: One other potentially useful initiative would be to amend the "Indian Tribal Government Tax Status Act of 1982" to ease overly restrictive limitations - - added in 1987 - - on tribal issuance of tax-exempt bonds. The Navajo Nation would be happy to work with the Subcommittee to develop this proposal.

However, the Navajo Nation stresses, once again, the importance of focusing our attention, hard work and support on the immediate task of ensuring that Congress re-adopt - - as part of the 1993 tax package - - the urgently needed "Indian Employment and Investment" tax credits that the 102nd Congress passed just six months ago.

SUPPLEMENTAL TESTIMONY OF THE NAVAJO NATION ON INDIAN RURAL DEVELOPMENT

The Navajo Nation appreciates the opportunity to submit supplemental testimony to the Subcommittee regarding legislative initiatives to enhance and accelerate Indian rural development. This supplemental testimony provides additional recommendations in follow-up to the Navajo Nation's testimony at the Indian rural development Field Hearing that was held on April 8, 1993 in Scottsdale, Arizona. The Navajo Nation looks forward to further cooperative efforts with the Subcommittee on this initiative.

This supplemental testimony addresses three key aspects of Indian rural development that were not specifically addressed in previous testimony, including:

- Further recommendations on improved coordination among federal agencies and Indian tribes;
- The urgent need for Congressional authorization of Indian "Land Grant Institutes"; and
- The need for explicit inclusion and targeting of Indian tribes as eligible entities in all existing federal rural development authorizations, specifically those relating to coordinated planning and provision of rural development physical infrastructure.

Improved Coordination

As stated in previous testimony on improved coordination between agencies and Indian tribes, successful rural development will only occur if efforts of all contributing parties are integrated and coordinated. The Navajo Nation supports the concept of an Indian rural development bill that would strengthen existing authorizations for inter-agency coordination. Despite many existing Congressional authorizations which mandate coordination of federal rural development efforts -- including 7 USC 1932(d) and 7 USC 2661 (b)(7) -- Indian country has yet to receive the benefits of such a coordinated approach.

We further recommend the concept of the establishment within USDA of inter-agency Indian rural development coordinating councils at the national and tribal levels. Such councils would activate support of coordinated rural development policy direction and program delivery. Coordinating councils at the Indian tribal level will ensure that policy is effective and accurately implemented.

The national USDA and local Indian tribal coordinating councils will serve as templates to organize the functionally similar rural development programs of other federal agencies. We emphasize that the councils must be empowered to coordinate horizontally across agency lines, otherwise their potential effectiveness will be nullified by traditional and inevitable inter-agency rivalries and competition for scarce resources.

Indian "Land Grant Institutes"

In previous testimony in Scottsdale, the Navajo Nation urged legislation to include authorization for the establishment of Indian "Land Grant" institutes, providing for explicit language to authorize Indian tribes for eligibility at all places where federal law authorizes or defines eligibility parameters for the establishment of Land Grant Institutes. The proposed Indian "Land Grant Institutes" should be incorporated into existing Indian community colleges - - or other Indian institutions designated by Indian tribes - - and should be organized regionally to serve clusters of the smaller tribes, and individually in the case of larger tribes with extensive lands and natural resources.

The declared purpose of Congress in establishing the national Land Grant Institute system were "to teach such branches of learning as are related to agriculture and the mechanic arts - - without excluding other scientific and classical studies..." (7 USC 322); and "to establish firmly the Department of Agriculture as the lead agency in the federal government for the food and agricultural sciences, and to emphasize that agricultural research, extension, and teaching are distinct missions of the Department of Agriculture" (7 USC 3102).

Congress clarified that the scope of "food and agricultural sciences" includes "basic, applied and developmental research, extension and teaching activities in the food, agricultural, renewable natural resources, forestry, and physical and social sciences, in the broadest sense of these terms..." [7 USC 3103(8)]. Specific educational areas include but are not limited to:

- (A) agriculture, including soil and water conservation and use, plant and animal production and protection, and plant and animal health;
- (B) the processing, distributing, marketing and utilization of food and agricultural products;
- (C) forestry, including range management, production of forest and range products, multiple use of forest and range lands;
- (D) aquaculture;
- (E) home economics, including consumer affairs, food and nutrition, clothing and textiles, housing, and family well-being and financial management;
- (F) rural community welfare and development;
- (G) youth development including 4-H clubs;
- (H) domestic and export market expansion for United States agricultural products;
- (I) production inputs, such as energy, to improve productivity; and
- (J) international food and agricultural issues, such as agricultural development, development of institutions, information exchange and storage, and scientific exchanges. [7 USC 3103(B)].

Every Indian tribe in the United States has need of such comprehensive education in essential support of all aspects of rural development. Virtually no tribe is now served by the existing State Land Grant Institutes, primarily due to

logistical, cultural, and in some cases political barriers.

Congress has authorized Land Grant Institutes for every State (7 USC 301 et seq.), for the historically Black colleges and universities (7 USC 321 et seq.), and even for "the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Marianas, the Trust Territory of the Pacific Islands, the Virgin Islands of the United States, and District of Columbia..."[7 USC 3103(12)].

It is now time that American Indians enjoy equal opportunity of access to natural resources and rural development education - on Indian terms, grounded in Indian cultural values, traditional knowledge and heritage, and built on Indian institutions as designated by Indian tribes.

Inclusion in Existing Rural Development Authorizations

The Navajo Nation committed at the field hearing to provide the Subcommittee with more detail on explicit inclusion of Indian governments in authorizing legislations for the USDA and other federal agencies. The Navajo Nation recommends that authorizing legislation be amended to include language that will treat and identify American Indian tribes - specifically - not treat them as state or municipalities. A few representative samples are given below; but is by no means exhaustive.

- Coordination and aggregation of rural development assistance - 7 USC 2008 as amended by Section 2316 of the 1990 Farm Bill (Public Law 101-624);
- Rural business incubator funds - 7 USC 950aa-1, as amended by Section 2345 of the 1990 Farm Bill;
- Rural economic and business development assistance - 7 USC 2662, Section 502, as amended by Section 2346 of the 1990 Farm Bill; also 7 USC 1926(a)(11) as amended by Section 2341 of the 1990 Farm Bill;
- Rural technology and cooperative development - 7 USC 1932, Section 310B, as amended by Section 2347 of the 1990 Farm Bill;
- Rural infrastructure lending by banks for cooperatives - 12 USC 2128, Section 3.7, as amended by Section 2323 of the 1990 Farm Bill;
- Emergency rural community water assistance - 7 USC 1926(a) - as amended by Section 2326 of the 1990 Farm Bill;
- Rural forestry and economic diversification action teams - 7 USC 6613, as amended by Section 2375 of the 1990 Farm Bill;
- Organization and empowerment of local (county) committees to administer

conservation cost-sharing - 16 USC 590(b); note that amendment of this authorization is critical to alignment of USDA Agricultural Stabilization and Conservation (ASCS) conservation programs with Indian jurisdictions;

- Direct participation (not mediated through the States) in the outdoor recreation planning and facilities benefits offered States by the Land and Water Conservation Fund - 16 USC 460 1 7 et seq.
- Targeted and accelerated participation in watershed planning and project development - 16 USC 1003 et seq.
- Targeted technical and financial support for irrigation system rehabilitation - 43 USC 422a et seq.
- Direct assistance (not mediated through the States) for forest management and wildlife habitat restoration - 16 USC 669e, 1535, 2107 and 2901.

Conclusion

The Navajo Nation urges Members of the Subcommittee to develop and introduce legislation to accelerate and streamline Indian rural development opportunities. Congress has a great diversity of programs to assist and facilitate rural development in the United States. It is time that American Indians have their special government-to-government relationship with the United States recognized and affirmed through across-the-board explicit designation and inclusion in all rural development and related authorizations.

The Navajo Nation appreciates the attention of Congressman Richardson and the leadership of Congresswoman English to begin focusing on rural development in Indian country. The Navajo Nation Washington Office will be happy to assist in any way it can to facilitate communication with the Navajo Nation and to provide information or other assistance.

Mr. RICHARDSON. Thank you, President Zah.

To Chairman Masayesva, Lolma. If that is not a correct greeting, that is the fault of the Republican staffer who is also a linguist. He speaks nine languages. I assume he is advising me correctly. Mr. Chairman, welcome. I enjoyed visiting with you last week in Washington. Please proceed.

STATEMENT OF VERNON MASAYESVA

Mr. MASAYESVA. Mr. Chairman, Honorable Karan English, and distinguished staff member of the Subcommittee on Native American Affairs, I welcome this opportunity to respond to your invitation to provide my views and recommendations on the important topic of rural development on Reservations and Federal policies which affect such development.

I would like to apologize here for not having my written testimony completed. It is undergoing revisions. I would like to submit that at a later time.

Mr. RICHARDSON. Without objection.

[The information follows:]

**TESTIMONY OF CHAIRMAN VERNON MASAYESVA OF THE HOPI
TRIBE TO
THE UNITED STATES CONGRESS
SUB-COMMITTEE ON NATIVE AMERICAN AFFAIRS**

Chairman Bill Richardson

Good Morning Mr. Chairman and distinguished members and guests of the Subcommittee on Native American Affairs. I welcome this opportunity to respond to your invitation to provide my views and recommendations to the Subcommittee on the important topic of rural development on reservations and Federal policy which affects such development.

Mr. Chairman and members of the Committee, my testimony is organized in three parts. First, I would like to present my views concerning the present policies and regulations of the Federal government affecting rural development on reservations. Secondly, I would like to describe the status of the Hopi Tribe's rural development activities. Third, I would like to offer my recommendations as to certain legislative and administrative steps the Congress and Federal decision makers should take to strengthen rural economic development and create an environment conducive to long-term economic development on 278 Indian reservations in the country.

1. Existing Policies.

First, I must begin by stating candidly Mr. Chairman, that existing Federal rural development policies and programs are being implemented with a noticeable lack of understanding about the actual conditions and needs confronting those of us who live and work on reservations in the rural environment.

Despite millions of dollars expended by various agencies of the federal government, and notwithstanding the sincere and good intentions of many in, and out of government, who are concerned about the economic strength of rural America, I must inform the Sub-Committee that there is remarkably little economic data and useful information that show how reservation economies are linked to their neighboring state and regional economic environments.

For several years, members of the Hopi Tribe and other tribes throughout the

country have had a definite impression that we are a powerful source of income, employment and revenue in our respective states and in the nation as a whole. Last year a study was undertaken for the Governor of Arizona, the Arizona Department of Commerce and the Arizona Commission of Indian Affairs which revealed that the 21 tribes in Arizona are in fact, an extraordinary economic asset to the State. I recommend this study to you, for it shows that reservations, rather than being isolated, dependent societies are vital links in the overall state and regional economic environment.

Existing rural development policies does not seem to me to reflect this important "regional" perspective. Federal programs and the BIA's development strategies do not model the "regionalism" of which we are a part.

Mr. Chairman, a federal policy directed at rural development that is pursued without a detailed understanding of how economies intersect with their neighboring economies is not a wise federal policy; it is like taking a trip without a road map.

Secondly, the BIA annual budgetary cycle favors a zero-based budgetary approach which is highly inefficient for tribal governments. It is counterproductive to our long-term investment and development strategies. Without multi-year budgeting flexibility, the most well conceived rural development policies and programs are stymied. You must encourage or legislate that the BIA free us from this outdated budget philosophy.

2. The State of Hopi Development Efforts.

The Hopi Tribe's development efforts to date, have emphasized the need for good information about our land base, our economies, our resources and our people. We believe good development policy is based on good information. This philosophy is evident in our long-range Comprehensive Land Use Development Plan and in a "Ten Year Practical Vision" - a strategic development planning document that we developed last year.

The Hopi Tribe is also pursuing a policy of "reaching out" to our regional neighbors. The Hopi and Navajo Tribes for example, contrary to the popular image created by our land issues, are joined in various common pursuits. The Hopi Tribe is active in

the Inter-Tribal Council, the Grand Canyon Trust, the Grand Canyon Visibility Transport Commission study chaired by Governor Symington, and various federal and state commissions addressing the quality of our environment. We try to "think regionally" (and globally) while we "act locally". We seek to devise sustainable development strategies with Indian and non-Indian parties alike.

The most recent example of our development goals is our multi-dimensional agro-research project we are planning with the State of Israel. We intend to use this exciting project as a model of interagency, intergovernmental and international cooperation in sustainable development. The support of your Sub-Committee will be vital to our success.

3. Recommendations.

Mr. Chairman, I recommend that the Sub-Committee urge the BIA's Office of Economic development to resolve the problem I cited earlier relating to the lack of an economic data base and analytical system that will reveal the economic relationship between states and tribes. I believe there is presently before the BIA a proposal to assess and identify the economic and fiscal interactions and relationships prevailing between state and tribal governments, relationships which, if thoroughly researched and documented, can significantly reduce the adversarial tone that has crept into state-tribal relationships recently, such as the various disputes related to Indian reservation gaming.

I would also like to recommend that the Sub-Committee formally encourage all federal departments to look for regional, intergovernmental opportunities to promote development support to Indian nations. Help us get out of the "annual" budget cycle, "annual" project, "annual" allotment approach. Help us pursue development regionally with a long term perspective and with all of the "stakeholders" present at the table.

We applaud Secretary of Interior Babbitt's interdepartmental initiative to resolve state-tribal conflicts over gaming and other issues. This Sub-Committee should encourage President Clinton to follow Secretary Babbitts' activist model and create inter-Cabinet initiative so that all issues effecting Indian nations and their respective regions can be addressed in consistent, coordinated manner. BIA is not

the only agency which has trust responsibility to Native Americans. It is my position that all agencies of federal government have special legal obligation to assist Native Americans achieve self-sufficient nations. BIA cannot pull the burden by itself, all federal agencies must help pull the wagon.

I especially want to thank you Mr. Chairman, for the time and interest, you, Honorable Karan English, Tadd Johnson, Steve Heeley, and the rest of your able staff have devoted to our interests. We look forward to working with you.

Mr. MASAYESVA. My testimony is organized in three parts. First, I would like to present my views concerning the present existing policies and regulations of the Federal Government affecting rural development on Reservations. Second, I would like to describe the status of the Hopi Tribes' development activities. Third, I would like to offer my recommendation as to certain legislative and administrative steps the Congress and the Federal decision-makers should take to immediately strengthen economic development on 278 Indian Reservations in the country, and to create an environment conducive to long-term rural Indian economic development.

First, I must begin by stating tentatively, Mr. Chairman, that existing Federal rural development policies and programs are being implemented with a noticeable lack of understanding about the actual conditions and needs confronting those of us who live and work on Reservations.

Despite millions of dollars expended by various agencies of the Federal Government, and notwithstanding the sincere and good intentions of many in and out of Government who are concerned about the economic strength of rural America, I must inform the Subcommittee that there is remarkably little economic data and useful information that show how Reservation economies are linked to their neighboring states and regional economic environments. For several years, the Hopi Tribal Council had a definite impression that the Hopi Tribe is a powerful source of income, employment and revenue in Arizona. Last year a study was undertaken for the Governor of Arizona, the Arizona Department of Commerce and the Arizona Commission of Indian Affairs which revealed that the 21 Tribes in Arizona are in fact an extraordinary economic asset to the State. I recommend this study to you, for it shows that Reservations, rather than being isolated, dependent societies, are vital links in the overall state, regional and national economic environment.

Existing rural development policies do not reflect this important regional perspective. Federal programs and the BIA's development strategies do not model the regionalism of which we are a part. A Federal policy directed at rural development without a detailed understanding of how economies interact with their neighboring economies is not a wise Federal policy. It is like taking a trip without a road map.

Second, Mr. Chairman, the BIA's annual budgetary cycle favors a zero base budgetary approach which is highly inefficient for tribal governments. It is counter-productive to our long-term investment and development strategies. Without multi-year budgeting flexibility, the most well-conceived Indian development policies and programs are stymied. I encourage you to free us from this outdated BIA budget policy.

The Hopi Tribe's development efforts to date have emphasized the need for good information about our land base, our economies, our resources, and our people. We believe a good development policy is based on good information. This philosophy is evident in our long-range comprehensive land use development plan and in a 10-year practical vision—a strategic development planning document the Hopi Tribe developed last year.

The Hopi Tribe is also pursuing a policy of reaching out to our original neighbors. The Hopi and Navajo Tribes, for example, contrary to popular image created by our land issues, are joined in various common pursuits. The Hopi Tribe is active in the Intertribal Council, the Grand Canyon Trust, the Grand Canyon Visibility Study, and various Federal studies on our environment. We try to think regionally, while we act locally.

We seek to devise sustainable development strategies with Indian and non-Indian parties alike, for we believe the best defense of our sovereignty is for us to participate actively and aggressively in crafting the economic initiative that impacts all of us.

A good example of our development goal is our multidimensional agri-research educational projects we are planning with the State of Israel. We intend to use this exciting project as a model of inter-agency, inter-governmental, international cooperation in sustainable development. The support of your Subcommittee will be vital to our success.

Mr. Chairman, I recommend that the Subcommittee urge the BIA's Office of Economic Development to resolve the problem I cited earlier relating to the lack of an economic database analytical system that will review the economic relationships between States and Tribes.

I believe there is presently before the BIA a proposal to assess and identify the economic and fiscal interaction and relationships prevailing between state and tribal governments. Relationships which, if thoroughly researched and documented, can significantly reduce the adversarial tone that has crept into the state relationship recently, such as the various disputes related to Indian gaming.

I would also like to recommend that the Subcommittee formally encourage all Federal Governments to look for regional inter-governmental opportunities to promote development and support to Indian nations—help us get out of the annual budget cycle, annual projects, annual allotment approach. Help us create development regionally, with a long-term perspective, and with all of the stakeholders present at the table. We applaud the Secretary of Interior Babbitt's interdepartmental initiative to resolve State tribal conflicts over gaming and other issues.

This Subcommittee should encourage President Clinton to follow Secretary Babbitt's activist model and create an inter-Cabinet initiative, develop policies aimed at creating an environment that is conducive to long-term sustainable economic development on Indian Reservations.

I especially want to thank you, Mr. Chairman, and your staff for the time and interest you have devoted to our interests. We look forward to working with you. Thank you.

Mr. RICHARDSON. Thank you.

Ms. ENGLISH. Thank you. Regarding education, that obviously is a very important building block of economic opportunity. In the Education and Labor Committee—another Committee that I sit on—we have been developing reauthorization of primary and secondary education. We have also been dealing with an education program called Goals 2000. This program has come under much criticism for its lack of detail and specificity. I have been one of the

critics. In that legislative initiative, I have made recommendations that Tribes and schools on Reservations be treated similarly to others in the education system. This has pros and cons to it. The pro being that it will be elevated to the same status as far as funding and policy. The con being you are wrapped into a big bureaucracy.

Could you give me some insights as to how that might be done, if you agree that it does elevate the status of Indian education or not, and just any other comments you might have on that?

Mr. ZAH. Well, the States are not going to be happy to turn some of these monies over to an Indian Tribe to run their own educational program. As it is now, they are essentially doing the same, but through a public school district system, for example on the Navajo. I believe that in trying to promote what we are trying to do we need the cooperation of all of the three Governors in New Mexico, Arizona and Utah, as well as the superintendents of the school systems from those states, as well as the state legislatures before all of that is to happen.

It is something that I know is needed and it has to be done—has to be done—except people are just reluctant to change I guess in many ways, and be able to deviate from what they have been doing from year to year. I know that even public school systems on the Navajo, where you have some non-Navajos that are sitting on those school boards, are also a little reluctant to go with the Navajo plan. I figure that it is going to take a long time to really do a good job of educating them before these happen.

We need Federal help in terms of turning some of those monies from the Federal Government directly to the Navajo Tribe in our case, so that we can initiate what we are talking about.

Ms. ENGLISH. Perhaps a system where tribal school districts developed within each Tribe or Reservation might look something like parallel structures, with the one that the Federal Government is now looking at. I hate to use this time to talk about education, but I think it is so vital to the economy.

I think that the intent is to give States and sovereign nations the flexibility to design and tailor education goals that fit the needs of that community. At the same time, however, we need to set some standards so there is some continuity. For instance, there needs to be standards for loans for continuing education for community colleges and universities so that whether you are on the Reservation or off of the Reservation, there is continuity. You can only do that if there is similar educational infrastructures. I am finding the jurisdictional problem, as you are talking about, even in the three states, is very complex.

I would like to help you with the jurisdictional problems you are having. That, in itself, might be very good advice for our Committee, as to how to make this work. If we can continue that dialogue, or you have experts on the Navajo Nation that can come up with some answers, I really appreciate hearing from them. Any additional comments right now I would appreciate too.

Mr. ZAH. Well, we usually try different models and try to perfect what we are trying to do. I would venture to say that perhaps on the Federal side you could use the Navajo as a model. In other words, implement what we are suggesting by looking at it as a model, but then monitoring the activities of the new Department

of Education so that 10 years down the road, 20 years down the road, Congressional Committees could keep on working with us to perfect what we are trying to do. It is a complicated issue.

Right now, in absence of a Navajo Department of Education, we have a situation where school districts are fighting over kids. You have a public school district system that drew the line on the Navajo. On top of that, BIA draws another line, and they are just yanking kids from one district to the other. You are in high demand if you are a good basketball player for example. I do not think the school system and the Federal school systems ought to do that. It just creates a lot of confusion. The only way I see any kind of a meaningful correction to take place is that if the Tribe has its own school system that they develop, but then have the Federal dollars and the State dollars be given to the Navajo Nation Government, and through the Department of Education, they can parcel out those monies to the local school districts.

Ms. ENGLISH. Thank you. I have one more question, if I might.

Mr. MASAYESVA. Could I comment on that?

Ms. ENGLISH. Yes. Please.

Mr. MASAYESVA. I am glad you brought up education, because without good education we are not going to ever realize our economic development goals. You have to have well-trained manpower to have economic development. So, there is a marriage of the two. It is very critical to strengthen that relationship. There has been a lot of talk on our Reservation because of the fiscal problems the Government schools are in. As a matter of fact, our high school might still shut down this month, because we are just not getting any relief. So, people look at the State as a way to get more funding per student for the school. So, it is money that is driving the movement towards possibly a public school system. I think, in a way, this is unfortunate because it should not be money that drives a school, it should be the purpose—what is the purpose of our schools? Why are they there?

According to my way of understanding, we have school systems so that they will support the Tribe's values, traditions, goals, aspirations, visions, so forth and so on. This is why schools exist. That is not their purpose when you come to Indian schools. There is a separation of schools in tribal government.

Again, take Hopi. I mentioned a while ago, we have maybe the only Tribe in the United States that has, over a period of 5 years, developed a comprehensive land use plan that sets out areas that are going to be used for parks, agriculture, recreation, so forth and so on. Through a period of 2 years, all 3 branches of the Hopi Government have put together what they call a 10-year practical vision, which kind of sets out where we would like to be 10 years from now, you know.

So, you have not only those two documents, but you also have a tremendous array of needs—like we have 600 people in need of housing. We have dams and dykes that have now been filled with sediments and they are breaking. These were built in the 1930s. There are hundreds of miles of roads to be maintained.

At the same time, you have a tremendous array of assets. For example, there are close to \$250 million worth of construction projects available in Hopi waiting to be developed, but there is no

system to move it forward. Then you have a high school sitting out there pursuing its own goals, but not connected to what the Tribe wants to do. So, to me, we need to marry the high school, the school system, with tribal goals and initiatives, and allow those students to combine work and academics.

It might have to be an innovative approach, because to do this sort of a thing you would need more flexibility, but you would need more time. So, certainly, it is logical to possibly think of a year-round school operation. In this way, the Federal facilities will be used 365 days a year, rather than the 9 months that it is now used and the rest of the months it is just sitting there idle, and yet the taxpayers are still paying for it.

So, I am saying that we need support to develop innovative approaches, where schools can now link up with what it is that the Tribe wishes to realize in the future. I think Reservations are good places to start something of this nature.

We have submitted a request for \$300,000 to do an assessment and design a project that would do this—that would not just depend on BIA monies, but that would also reach into other agencies of the United States Government, the Department of Agriculture, for example, Department of Labor, Department of Energy. I am sure there are numerous resources within these agencies that can be made available to Indian schools so they can have a work/academic program, and at the same time, be part of a nation building what we want our children to be involved in.

Ms. ENGLISH. I have one more question, Mr. Chairman.

Mr. RICHARDSON. Of course.

Ms. ENGLISH. Mr. Chairman, I was involved in setting up a program in Arizona several years ago. The program was called the Rural Economic Grant and Loan Program. Ironically, the money for the program came out of lottery money, gaming activities, and was made available originally for rural communities. One of the very first recipients of that program was a gentleman on the Hopi Reservation. I was very, very happy about that.

Very shortly thereafter, the fund was used mainly to fund programs in the metropolitan areas. Rather than the \$50,000 and \$25,000 loans and grants that were meant for rural areas, they were a million and \$500,000 grants given to metropolitan companies. We lost it basically. We just lost it. It was a good idea that was taken away by the majority of the legislature.

It is that kind of a concept that I am trying to look at in a larger perhaps more national approach. If you are familiar with that program, do you think that kind of program would work if we could keep it out of the hands of the metropolitan areas and big business and keep it in the hands of rural areas and small business to help generate revenue needed for the development of small business on Reservations? Are you familiar with it enough to even have an opinion on that?

Mr. MASAYESVA. I am not that familiar with it, except to say that any assistance from the State to help us develop sustainable economies is always going to be welcome. The reason I say that is because we do not get any support from the State of Arizona. We get opposition to everything we try to do. We are trying to settle a land controversy, but the Government will not let us. It is terrible.

The State of Arizona last year collected over \$18 million tax money from the coal mine that we both jointly own. We split the royalties. He gets about 10 million and I get 10 million; but the state—out of just sales tax alone—walks away with \$18 million. What do they give us? Nothing. It is kind of like running an empty truck up to our Reservation and returning to Phoenix with a load of gold.

So, anything that the State can do to help us develop our economies, instead of like right now. You just heard testimony of how Indian Tribes are trying to use gambling as a way to provide services on the Reservation. President Zah and myself were fortunate. We have natural resources that we use to provide a lot of services for our people; but we also both know that there is going to be an end to that—that it is in our interest for us to diversify our economic base. It is in the State's interest to be partners with us in any type of an economic development initiative. We do not want the State just telling us no, you cannot do that. That is not fair to say that to the Tribes that have gaming. We do not have gaming.

The Government needs to step up and say here is an alternative to economic development on your Reservations. We have not gotten any kind of intelligent plans to show that this is how the State will help Indian Nations develop their economies. That is, I think to provide that is simply responsible leadership, and we have not been getting that.

Ms. ENGLISH. I want to thank both gentlemen for their comments.

Mr. RICHARDSON. President Zah, you mentioned the problem of coordination among Federal agencies. Do you think that we should pursue an executive order from President Clinton to require each Federal agency to develop an Indian policy implementing the Federal trust responsibility? Do you think that would be helpful?

Mr. ZAH. Well, I know it is going to be helpful. There is a proposal that has been generated among the Indian Tribes for us to look into and to support. I think it is a pretty good idea. That proposal is, if you look at all of your Federal agencies, each one of them work on Indian Reservations by providing technical assistance, or providing funds to Indian Tribes. In many cases, those Federal agencies do not really know what the other is doing in terms of policy development for Indian Tribes. This proposal that I have seen the other day suggests that, if there is an Indian person appointed to each of those Federal agencies responsible for some of those programs, if they could form themselves into a sub-cabinet and have their, let's say, monthly meetings, they could coordinate a lot of these activities from the Federal level, involving each of the Federal agencies. That is what we do not have now. That is what I mean by saying that there needs to be some degree of coordination among all of the Federal agencies when it comes down to dealing with the Indian Tribes.

Let me give you one good example. EPA has a Government-to-Government policy with Indian Tribes. I do not know if the other Federal agencies have the same kind of policy that they have developed within their own agencies. So, if you do not have that kind of policy from those agencies, you cannot really plan because you do not know what they are capable of doing or what they are able

to do to help you. Not until you know what they are willing to do can you really plan from the tribal side. I think we really really need that.

As you can see, we are making progress. Twenty years ago you would have never heard a Hopi speaking for a Navajo. He was saying that we are thinking about all of this. So, between the Navajo and Hopi, we are making progress. As long as he does prance on my land, we will work on it.

Mr. RICHARDSON. You also, President Zah, addressed the *Cotton Petroleum* issue. Do you think that legislation should provide Federal tax credits for the tribal taxes paid by a business, or should the credits cover state taxes paid by businesses on the Reservation?

Mr. ZAH. Well, I am not so sure as to which is the best solution. I think the tax credit addresses those businesses that would come into the Reservation who might be either a non-Indian business or they could become partners with Indian entrepreneurs on their Reservation.

Mr. RICHARDSON. Right. Okay.

I understand that distinction. Perhaps we need both approaches.

My last question to you, President Zah. Do you think that this package that you endorsed, the legislation that I have introduced, and Senator Inouye and McCain have introduced, on the Federal tax incentives is going to be sufficient? I was struck by your remark on enterprise zones. I guess my question is, do we need anything else in the tax area? We talked about the *Cotton Petroleum* issue, H.R. 1325. Both of you emphasized education, but are there any other creative economic development strategies that we might pursue that we are not pursuing?

Mr. ZAH. Well, to begin with, those that we mentioned we could do from the beginning. You never know what is going to develop as a result of that. Right now, when I go out and talk to businesses, the first thing they mention is double taxation. They do not want to come into the Navajo if they have to pay taxes to the State and to the tribal government. As long as we have that staring us in the face, we are not going to get anywhere with economic development.

Tax credit and employment credit is only a tool that we as tribal leaders can use to convince businesses to come in, but this other one really has to be taken care of.

Your question was are there other things that we could do. As a result of correcting this situation over here regarding double taxation, and then enacting this legislation, I know that there are going to be other things that we could do as long as we are bringing those businesses into the Reservation.

Infrastructure development is very important. If we do not have roads, if we do not have running water, if we do not have the good schools, if we do not have all of these, they are still going to be reluctant to come in. So, I believe what we really need to do is develop infrastructure.

Then the other question that you were asking is, do you think the Clinton Administration ought to come out with some kind of executive order. I think there should be some kind of executive order to say that there should be a coordinated effort among all of the Federal agencies.

My disappointment at what is going on now is that the Clinton Administration has already met with mayors, county officials, governors over the gaming issue, but they have not really set one date yet to meet with Indian tribal leaders to talk to the Indian Government about some of the things that we really want done.

Second, they have not appointed anyone to any of these Federal agencies thus far. The Indian people that I have talked to are getting very discouraged that it has not been done. I would like to see that done immediately. I think with your urging, both of you are Democrats, and you could help us by sending that message over to the White House, because look at what is happening at HUD. There is an Indian Housing Program. Look at what is happening at Indian Health Service. We do not have an Indian Health Service Director yet. If you look at all of these Federal agencies, they are all Indian people that are supposed to be occupying those positions. They have not been appointed.

The BIA budget was submitted to Congress without an assistant Indian Secretary or the Commissioner of the Bureau of Indian Affairs. I think those all present problems to the Indian people in this country.

Mr. RICHARDSON. Well, I appreciate those comments.

You are right about the appointment process. It has been slow.

One of the things we might consider, President Zah, is, in addition to pursuing an executive order, that President Clinton sign on this Indian policy. We might consider legislation that does that, too.

Mr. Chairman, you have a very exciting program with the State of Israel. I know you mentioned it in your testimony—an agriculture experiment. Could you highlight it? I think the audience and the Congressional record as reflected in this hearing should show the success of that program or its imminent success. I would like to give you that opportunity.

Mr. MASAYESVA. Okay. Thank you very much. Before I go into it, I would like to make another statement here that I would like to have you consider, back to education again.

I think the Committee needs to look into the status of education as far as the Bureau of Indian Affairs is concerned—the question being do they consider education to be a trust responsibility? I am very confused about that. I have heard varying opinions, and I would like to have that clarified.

We are very interested in a major agricultural educational project in partnership with the State of Israel, because of the similarities in our beliefs and philosophies. For example, when I was in Israel, we were amazed to see the Israelis growing tomatoes in the middle of the winter in hot houses, where they were harvesting 20 tons of tomatoes in a half-acre plot of land, and using brackish water. They use brackish water to sweeten the crops. They use the thermal water—the heated water that comes from the deep wells—those wells are very deep, some like 2,000 feet—to heat up the hot houses. Next door they were raising commercially fish.

So, we asked the Israelis why do you tell us that this is your promised land, that it is a land of milk and honey, when all you can see around you is desert? Their response was that we chose the desert and, by so doing, chose God. If this was to be a land of milk

and honey, but it is to become such through our creation—that we are to be part of the creation.

The Hopis have the same beliefs. The desert was our choice, because then it would test our sincerity and our belief in God, our commitment to carry out our covenants. So, that was I think what attracted us to go there and look at their technologies.

Today, on the Hopi Reservation, you do not see very much agriculture left. There are plots of corn fields out there, raised primarily for religious and traditional-use purposes. As a result, there are not many young kids being attracted to farming in a traditional way. At the same time, we are finding out that there is a tremendous demand for our blue corn—that the genetics are such that we could probably patent it. People are writing to us all of the time. One guy wanted 10,000 pounds of blue corn right away for cosmetic purposes.

So, we figured that agriculture would be one of those areas that would work very well in our area, if we do it not only for religious purposes, but if we now move it towards a commercial development, we feel it would attract the young people back into agriculture, both in areas of development and research.

As we move along, it is our hope that they will begin to get interest back in the traditional farming—in our traditions, in our histories, so forth and so on—because corn is Mother to Hopis. The reason it is Mother is because the Hopis cultivated corn, and by doing that, they were able to have plenty of food. They were able to store it, and as a result, they had free time—something they have never had before. They used the free time to refine the arts and crafts, and devote time to their religious activities. So, it was very important to us to move in that area—to use agriculture as a way to do this.

We also live in a desert climate. We are the only Tribe that does not have any renewable water. We are totally dependent on water from the Navajo Aquifer. This scares us. So, we cannot go into agriculture in a way that we think is wasteful—flooding. We have to use other technologies developed by the Israelis. So, it is a project to restore hope in our people, to revive agriculture, to connect with a foreign country and, thereby, hopefully, figure out a way whereby we can become available for some of the monies that are dedicated to supporting Third World Countries, such as aid.

We are not getting any benefit from that; but, to me, the Indian Tribes need to because we are like Third World Countries. So maybe this vehicle will also open up opportunities for, not only the Hopis, but also for the other Indian Tribes. So, it is sort of a multidimensional, multipurpose venture, that we are involved in through this exciting partnership with Israel.

Mr. RICHARDSON. Does the gentlelady have any further questions?

Ms. ENGLISH. No. Thank you, Mr. Chairman.

Mr. RICHARDSON. Let me conclude this hearing by thanking all of the witnesses and thanking this last panel. I think both of your records as leaders of your people and your commitment to legislation is important to all Native Americans and to this country. I want to thank you.

I am disappointed in some of the statements that President Zah made about the Administration. That certainly has motivated me to go back and try to do something about it. I was unaware that we had not had those appointments yet nor a meeting. I thought all of that has happened. Maybe that is why I exist in such a time warp. I have been around several Reservations this last week and have not been focusing on these issues.

Let me, again, thank the gentlelady from Arizona. I think you are all very lucky to have her as your Congressperson. If you do not believe me, read *Life* magazine. That is international.

In conclusion, I would like to note the presence of the First Lady of the Navajo Nation, Rosie Zah, who is in the corner there. Mr. Chairman, is the First Lady of your Tribe here? Would you care to introduce her for the record?

Mr. MASAYESVA. Becky Masayesva.

Mr. RICHARDSON. With that very pleasant note, this hearing is adjourned.

[Whereupon, at 10:45 o'clock a.m., the Subcommittee was adjourned.]

APPENDIX

THURSDAY APRIL 8, 1993

ADDITIONAL MATERIAL SUBMITTED FOR THE HEARING RECORD

TESTIMONY OF THE CENTER FOR AMERICAN INDIAN ECONOMIC DEVELOPMENT AT NORTHERN ARIZONA UNIVERSITY

BEFORE THE SUBCOMMITTEE ON NATIVE AMERICAN AFFAIRS HOUSE COMMITTEE ON NATURAL RESOURCES FIELD HEARING ON INDIAN RURAL DEVELOPMENT

Chairman Richardson and members of the Committee, I appreciate this opportunity to offer my comments regarding rural development initiatives in Indian Country. My name is Joan Timeche. I am a member of the Hopi Tribe, and the Coordinator of the Center for American Indian Economic Development (CAIED) in the College of Business at Northern Arizona University in Flagstaff, Arizona.

The CAIED was established by the Arizona Legislature in 1985 to stimulate and nurture tribal and individual entrepreneurship on Arizona Indian reservations. The Center's mission is to provide technical assistance and training to Arizona Native American tribes, organizations and individuals to strengthen their business-related knowledge, skills and economic base to achieve their goals of self-determination and self-sufficiency. It is, so far as we know, the only Center of this type in the country.

In addition to the provision of training and technical assistance, the Center is also deeply involved in a number of activities including:

Arizona Native American Economic Coalition (ANAEC). From 1990 to 1992, the College's Bureau of Business and Economic Research participated in a reservation-based strategic planning program for economic development. The program's goal was to incorporate reservation economies into a statewide initiative, the Arizona Strategic Planning for Economic Development (ASPED). As a result of this ASPED process, a group formed called the Arizona Native American Economic Coalition. The Coalition conducts forums to share ASPED initiatives and provides recommendations to the Governor's Strategic Partnership for Economic Development (GSPED). This level of coordination of development planning among state, local, and reservation governments is unprecedented in the United States and may serve as a model for similar endeavors in other states.

ANAEC has since incorporated under the laws of the Gila River Indian Community. Administrative and technical support are provided by CAIED as a public service.

National Executive Education Program for Native American Leadership (NEEPNAL). In 1992, a cooperative effort was founded between the Harvard Project on American Indian Economic Development at Harvard's John F. Kennedy School of Government and the College of Business at NAU. Serving tribes across the nation.

NEEPNAL is designed to provide exclusive strategic education program for tribal chairs and decision-makers. It is based on research and field assistance provided to client tribes in pursuit of sustainable economic development, political economy, and social sovereignty. Offices are located at both Harvard University and at NAU's CAIED.

Despite the fact that the Center's programs have assisted numerous clients in developing financial resources and building management capability to construct successful business programs on the reservation, there remains much progress to be made. A 1987 survey of the minority/small business sector found that the 872 American Indian owned firms constituted only .5 percent of all firms in Arizona (Morrison Institute for Public Policy of Arizona State University, 1991).

The sovereign powers of the tribes should be the source of self-directed responses to the economic, political, and social problems faced by tribes. Yet, development is often hampered by the change from a barter economy to one of cash, the common view that tribal enterprises should provide local employment over profit, and a lack of adequate financing and an infrastructure to support economic development efforts. These disadvantages are often coupled with a lack of a background in public policy-making, public and business administration, economics, and strategic planning. American Indian entrepreneurs encounter the same obstacles associated with any small business, however, they are significantly magnified. Additionally, they must overcome conflicting definitions of wealth and are faced with the Federal trust status of reservation lands, which effectively increases the risk of a reservation business in the eyes of conventional financing sources.

Thus, creating a sustainable economy requires a multi-tier approach to positively effect a change. Governmental policies and institutions must provide a supportive, social and economic environment in which the people have durable incentives to put their resources to productive use.

The following would greatly enhance economic development opportunities in Indian Country:

- **Training and Education:** Imperative to the success of any economic development venture undertaken is a skilled technical and professional, local labor force. The spirit of entrepreneurship must be fostered at all levels -- as early as the elementary school continuing through secondary school through hands-on projects such as Junior Achievement to fieldwork/internships at the post-secondary level.

In addition to formal education approaches, funding must be provided to educate and prepare the "would be" entrepreneur to own and operate a business. Workshops and courses similar to NAU's entrepreneurship course and the CAIED's Indian Entrepreneur workshops are not only cost-effective, but will help to decrease the odds of failure. Of equal, if not of greater, importance is the resulting empowerment of the entrepreneur.

Notwithstanding an educated population, emphasis must be placed on the importance of strategic decisions made regarding the nature of the political and economic systems and institutions that govern reservations and tribal development efforts. Such systems determine to a large degree the effectiveness and impact of other factors commonly associated with economic development, such as market opportunities, planning, or natural, human, and financial resource endowments. Executive education seminars for tribal leaders, such as those developed by Harvard and Northern Arizona Universities, are designed to help them address the challenges of asserting sovereignty and developing their economies.

Adequate funding must be provided to the tribal educational system and innovative approaches, such as those mentioned above, to enable the Native American people to pursue the development of their economy.

- **Infrastructure Development:** The existing state of development on many Indian reservations is such that they are often referred to as "third-world country conditions". Thus, any development occurring generally requires major construction of the physical infrastructure, i.e., water, sewer, power, access roads, etc. Because development is often occurring on fertile grounds, development costs are compounded by the additional expense of an archeological survey, environmental assessment, site planning, traffic impact studies, and the list goes on. If the project is not a tribal enterprise, these costs are often the responsibility of the entrepreneur, particularly on reservations where "commercial zones" have not been established.

Coordination of existing federal and state resources will help considerably to reduce the financial burden while making use of limited resources. However, these same considerations must be afforded the individual, Native American entrepreneur. In some instances, a change in legislation is required; while in others, it could be addressed by making funds available to tribes to complete these basic requisites.

- **Financial Infrastructure Development:** The financing of economic development projects on Indian Reservations requires capitalization of existing as well as innovative alternatives. On paper there appears to be a myriad of resources (BIA, SBA, FmHA, HUD, CDBG, conventional sources, etc.), however, in actuality, very few reservation businesses are successful in obtaining financing.

Projects initiated by tribal governments have greater access to Federal grants (EDA, ANA, CDBG, etc.) than the Native American entrepreneur. Both, however, are faced with the budgetary constraints imposed by Congressional, state or local appropriations resulting in a phased approach or partially funded projects. This problem is compounded by a trend observed within the Hopi and Navajo Nations, whereby local governments (villages and chapters) are taking the initiative to develop their local economies. This assumption of responsibility is met with the stark reality that they must compete with either another village/chapter and/or a tribal enterprise

as the tribe can only endorse one proposal (to sources such as EDA and ANA). As more communities assume a greater role in their development, not only must Federal appropriations be increased to meet the growing demand, but current guidelines must be revisited at both the tribal and federal agency levels.

One would think that conventional sources of financing could be tapped by the private Native American business owner, however, this has not been a viable option. Despite the fact that several Federal agencies may guarantee up to 90 percent of the loan amount (within the maximum limits), most off-reservation banks have very few, if any, business loans on Indian lands. Bank officials will often verbally cite the trust land status as a major obstacle, although the formal denial reason given is for other reasons. These same banks are often the "bank of record" for a tribe. Strengthening the Community Reinvestment Act (CRA) as well as greater tribal pressure on the banks, is necessary as reservation businesses have yet to receive the full benefit of CRA.

As a result, the most common source of financing of Native American private business development is the Bureau of Indian Affairs' (BIA) Credit Programs. Yet, in FY 93, funding of this line item was initially threatened, but was later restored. Not only must this line item be stabilized, but additional funds must be allocated to the BIA Direct Grant, the BIA Direct Loan, and the BIA Guaranty Loan Fund to meet and expand the growth of tribal and private entrepreneurship.

Under the auspices of the BIA Credit Programs is the provision of the establishment of tribal revolving loan programs. Properly managed, these revolving loan programs have great potential in helping to stimulate local economic development. As a member of the Board of Directors for the Hopi Indian Credit Association (HICA), I have seen the opportunities of making long-term impact on our local economy. The fact that this revolving loan fund is owned and managed by Hopi people have resulted in effective mechanisms in dealing with the trust status on home mortgages and small business loans. We have developed culturally appropriate methods in dealing with our applicants and diligently worked to reduce our delinquency rate, which usually averages around 1.5 percent per month.

Much of our achievements have been the result of our sheer determination to make HICA a viable, and the only, lending institution on our reservation. However, to strengthen HICA as well as other tribal credit programs, BIA regulations and policies must be revised to provide a supportive environment for their success. An example is creating a direct funding mechanisms for tribal revolving loan programs who have demonstrated a record of success to ensure funds are available where it can provide the most benefit with the least amount of red tape. Other alternatives, such as qualifying these tribal credit programs as lenders for Small Business Administration (SBA) and Farmer's Home Administration (FmHA) loan guarantees will greatly enhance the financing of economic development projects on reservations. These

tribal program would carry the first lien and would eliminate their concern of trust status lands. This may require legislation to be enacted to facilitate a government-to-government relationship among the BIA, SBA, FmHA, HUD, and others.

Other areas which need to be developed are the bonding capacity, access to existing sources of funds for business incubators, revolving loan funds, the leveraging of private investments, rural banking facilities, and ensuring there is sufficient technical assistance to the Indian business owner.

As you can see Chairman Richardson and Committee Members, there is much work to be done for the successful rural development of our Indian nations. We look forward to working with you and others in developing comprehensive and effective means of achieving sustainable reservation economies. We feel our programs are effective models that can be replicated and would be pleased to share this with other universities and states. Thank you.



COLLEGE OF BUSINESS ADMINISTRATION

Center for American Indian Economic Development

The Center for American Indian Economic Development (*CAIED*) is pleased to offer its services to Arizona tribes, tribal enterprises, Native American small businesses, economic development corporations, and other Indian organizations. The Center seeks to stimulate and nurture tribal and individual entrepreneurship which will contribute to the economic development of Arizona Indian reservations.

The Center will assist Native American individuals or tribes, within resource constraints towards economic self-sufficiency by:

The mission of the Center is to assist Native American people in strengthening their business-related knowledge, skills and economic base to achieve their tribal goals of self-determination and self-sufficiency.

- ☒ Serving as an economic development information resource;
- ☒ Providing training in topics such as management and economics; and
- ☒ Providing applied technical assistance and research in economic development, business development and planning.

Consulting assistance provided by the Center includes, but is not limited to, account practices and systems, computer information systems, business financing plans, marketing strategies, organizational management, economic feasibility analysis, and other related areas.

Assistance is provided by the staff of the Center, the faculty of the College of Business Administration, or independent consultants retained by the Center to provide such services. The Center also has available the resources of the University, including faculty in all disciplines, and linkages with the State University program.

The Center's **Resource Office** also serves as a "clearinghouse" providing information on funding opportunities and other resources. Information can be obtained through our computer network, the Electronic Newspaper Bulletin Board System (*BBS*), as well as a monthly publication of "The Resource Hotline" for those organizations who cannot access the Electronic Newspaper BBS. To access the BBS, please call (602) 523-9524 from 12 noon to 5:00 p.m. (*MST*).

We invite you to use the Center's offices as a home base when you are in Flagstaff. The Center is located in **Room 9 of the College of Business building on the NAU South Campus.**

*For further information
and/or consulting assistance,
call or write the Center.*



PO Box 15066 Flagstaff, AZ 86011-5066 (602) 523-3657

"We should do more of this. Usually we react rather than innovate; the Program allowed us to innovate."

Sam Gagey
Lummi Tribe

"I think everyone in tribal leadership should have this course."

Edwin Dahle
Northern Cheyenne Tribe

"I would definitely recommend this Program to my colleagues. It does not take numerous studies to tell us of our deficiencies. Coming together to find solutions to age-old problems was extremely helpful."

Harold D. Salway
Oglala Sioux Tribe

"My only regret is that the rest of the Tribal Council wasn't there to participate"

Virginia Cross
Muckleshoot Indian Tribe

"I am rethinking my role as a Chairperson."

Nora Garcia
Fort Mojave Indian Tribe

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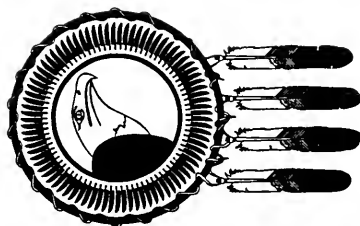
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NATIONAL EXECUTIVE EDUCATION PROGRAM FOR NATIVE AMERICAN LEADERSHIP



NEEPNAL



COLLEGE OF BUSINESS ADMINISTRATION



JOHN F. KENNEDY SCHOOL OF GOVERNMENT
HARVARD UNIVERSITY

For further information:
The National Executive Education Program for Native
American Leadership is a cooperative effort launched
and currently supported by the Harvard Project for
American Indian Economic Development at Harvard's
John F. Kennedy School of Government, the College of
Business Administration at Northern Arizona
University, and the Pew Charitable Trusts. For further
information, contact the NEEPNAL Executive
Directors, Manley Begay at (617) 495-1338 or Joan
Timeche at (602) 523-7320.

What is NEEPAL?

The National Executive Education Program for Native American Leadership (NEEPAL) is founded on the premise that Native peoples' efforts to pursue economic development and political and social sovereignty are crucially dependent on self-governance. Among the primary factors shaping the welfare of Indian Nations in the 1990s and beyond will be their ability to design effective, culturally-appropriate governing institutions, and to implement informed economic and social decisions.

Native American leaders face a growing assortment of challenges. These range from institutional design and constitutional reform to large-scale resource management and comprehensive planning for economic development. A wide array of valuable technical assistance and informational programs is currently available on which these leaders can draw, but there are few programs that directly address the need of tribal leaders for assistance with major strategic decision making and the institutional issues that accompany it. The need is for senior executive education directed explicitly to strategic tribal concerns.

Executive Education

NEEPAL offers tribal leaders educational programs and materials designed to help them address the challenges of asserting sovereignty and developing their economies. NEEPAL's senior executive education sessions are an outgrowth of the efforts and research experience of the Harvard Project on American Indian Economic Development at Harvard University's John F. Kennedy School of Government and of the Center for American Indian Economic

Development at Northern Arizona University's College of Business Administration.

NEEPAL sessions are modeled after senior executive education programs available to high-level state, federal, and international government officials and to top corporate executives, and adapted to fit the different but equally important needs of American Indian leaders. Each session brings together leaders of similar rank and responsibility for frank discussion of shared problems and solutions in an intense, participatory learning environment. Discussion leaders, themselves educators and researchers in Indian affairs, assist by providing structure, case materials, and challenging insight.

Participating Tribes

NEEPAL's faculty and researchers also work with a small group of participating tribes to solve problems of economic and political sovereignty not easily addressed by technical assistance or consultants. Recent efforts have included constitutional and governmental reform, the design of land use planning systems, and the assessment of reservation labor resources. The participating tribes select and direct the ventures with NEEPAL which provides *pro bono* research and policy analysis.

Research & Case Development

The Program engages in a continuous process of curriculum and case development. The Program's faculty and researchers investigate the general causes and consequences of reservation economic development and the economic, political, and institutional factors that lead to successful development projects. Their work appears in analytical reports and specific case studies. NEEPAL reports and cases serve as curriculum

materials for the Program. They are also made available throughout Indian Country.

Founding Organizations

The Harvard Project on American Indian Economic Development was founded in 1987 at the Kennedy School of Government at Harvard University. Its goals are to carry out comprehensive research on reservation economic development and to provide research findings and services to American Indian Nations and organizations. The Project is directed by Stephen E. Cornell, Associate Professor of Sociology at the University of California, San Diego, and Joseph P. Kalt, Professor of International Political Economy at Harvard University. Manley A. Begay, Jr., a citizen of the Navajo Nation and an Ed.D. candidate at Harvard University's Graduate School of Education, is the Executive Director.

The Center for American Indian Economic Development at Northern Arizona University was originally directed by Professor Joseph J. Walke, now Dean of the College of Business Administration. Its goals are to develop management capability, construct successful business programs, and build financial resources on Indian reservations. Primary research faculty at NAU are Jon D. Ozmum, Professor of Business Administration, Dean Smith, a Mohawk Indian and Assistant Professor of Business Administration, and Ronald L. Trosper, a member of the Confederated Salish and Kootenai Tribes of the Flathead Reservation and Associate Professor of Forestry and Director of the Native American Forestry Program. Joan Timeche, MBA, is a member of the Hopi Tribe and the Coordinator of the Center.



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